

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

Peer Review of the Automatic Exchange of Financial Account Information **2022**

Peer Review of the Automatic Exchange of Financial Account Information 2022

This report was approved by the AEOI Peer Review Group on 7 September 2022 and adopted by the AEOI Peers on 30 September 2022. It was prepared for publication by the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Note by the Republic of Türkiye

The information in this document 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. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye 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 Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Please cite this publication as:

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

ISBN 978-92-64-90732-4 (pdf)
ISBN 978-92-64-66450-0 (HTML)
ISBN 978-92-64-47448-2 (epub)

Photo credits: Cover © OECD with cover illustration by Renaud Madignier.

Corrigenda to publications may be found on line at: www.oecd.org/about/publishing/corrigenda.htm.

© OECD 2022

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <https://www.oecd.org/termsandconditions>.

Foreword

The OECD hosted Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) provides a multilateral response to tackle offshore tax evasion. It brings together over 160 jurisdictions dedicated to improving transparency and the exchange of information for tax purposes.

The Global Forum promotes and ensures the effective implementation of two complementary international standards: the exchange of information on request (EOIR) and the automatic exchange of financial account information (AEOI), both of which provide for closer co-operation between tax authorities worldwide so that they can obtain information necessary to ensure tax compliance.

The OECD developed the Standard for Automatic Exchange of Financial Account Information in Tax Matters (AEOI Standard) in 2014, working with G20 countries. It provides for the annual exchange of a predefined set of information on financial accounts held by individuals and entities resident in a foreign jurisdiction, between tax authorities. The Global Forum has been supporting, monitoring and reviewing the implementation of the AEOI Standard since its inception. It has published detailed yearly reports on the implementation of the AEOI Standard by all participating jurisdictions since exchanges commenced in 2017.

This report builds on the peer review reports published in 2020 and 2021 to present updated results of the peer reviews conducted by the Global Forum with respect to the domestic and international legal frameworks put in place by the first 106 jurisdictions to implement the AEOI Standard. It also includes, for the first time, the results of the initial reviews in relation to the effectiveness of the implementation of the AEOI Standard in practice.

Table of contents

Foreword	3
Abbreviations and acronyms	7
Executive summary	8
1 Monitoring the implementation of the AEOI Standard	10
The AEOI commitment process	11
Monitoring the timeliness of delivery	11
Peer reviews of the quality of implementation	15
Note	15
2 Peer reviews of the AEOI Standard's implementation	16
Global Forum AEOI peer reviews: covering all relevant areas	17
Peer reviews of the AEOI legal frameworks	18
Initial peer reviews of the effectiveness in practice of AEOI implementation	19
Drawing conclusions and publishing the results	21
Overall findings of the review processes	23
Notes	35
3 Jurisdiction-specific reports	36
Andorra	37
Anguilla	48
Antigua and Barbuda	58
Argentina	69
Aruba	80
Australia	92
Austria	102
Azerbaijan	112
The Bahamas	123
Bahrain	138
Barbados	149
Belgium	160
Belize	170
Bermuda	182
Brazil	192
British Virgin Islands	202
Brunei Darussalam	214

Bulgaria	225
Canada	236
Cayman Islands	247
Chile	257
China (People's Republic of)	268
Colombia	279
Cook Islands	290
Costa Rica	301
Croatia	313
Curaçao	324
Cyprus	336
Czech Republic	347
Denmark	358
Dominica	368
Estonia	378
Faroe Islands	390
Finland	400
France	410
Germany	421
Ghana	432
Gibraltar	436
Greece	447
Greenland	458
Grenada	468
Guernsey	478
Hong Kong (China)	488
Hungary	499
Iceland	509
India	519
Indonesia	529
Ireland	541
Isle of Man	552
Israel	562
Italy	573
Japan	583
Jersey	594
Korea	605
Kuwait	615
Latvia	619
Lebanon	630
Liechtenstein	641
Lithuania	651
Luxembourg	662
Macau (China)	672
Malaysia	682
Malta	693
Marshall Islands	704
Mauritius	714
Mexico	725
Monaco	736
Montserrat	746

Nauru	756
Netherlands	763
New Caledonia	774
New Zealand	778
Nigeria	788
Niue	792
Norway	799
Oman	809
Pakistan	812
Panama	823
Peru	835
Poland	839
Portugal	850
Qatar	861
Romania	871
Russia	882
Saint Kitts and Nevis	886
Saint Lucia	896
Saint Vincent and the Grenadines	907
Samoa	919
San Marino	929
Saudi Arabia	939
Seychelles	949
Singapore	961
Sint Maarten	972
Slovak Republic	980
Slovenia	990
South Africa	1000
Spain	1010
Sweden	1020
Switzerland	1031
Trinidad and Tobago	1042
Türkiye	1045
Turks and Caicos Islands	1056
United Arab Emirates	1068
United Kingdom	1079
Uruguay	1090
Vanuatu	1100
Annex A. Assessments carried out under the Staged Approach	1111
Annex B. Details of the exchange agreements in place	1113
Annex C. The AEOI Terms of Reference	1129

Abbreviations and acronyms

AEOI	Automatic Exchange of Information
AEOI Standard	Standard for Automatic Exchange of Financial Account Information in Tax Matters
AML	Anti-Money Laundering
APRG	AEOI Peer Review Group
CFT	Combating the Financing of Terrorism
CR	Core Requirement
CRS	Common Reporting Standard
CRS MCAA	CRS Multilateral Competent Authority Agreement
CTS	Common Transmission System
FATCA	Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
G20	The Group of Twenty
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
KYC	Know Your Customer
Model CAA	Model Competent Authority Agreement
OECD	Organisation for Economic Co-operation and Development
RFI	Reporting Financial Institution
SR	Sub-requirement

Executive summary

Ensuring taxpayers pay the tax that is due is crucial to maintaining public finances and reinforcing the public's trust in the tax system. As the financial sector has become increasingly globalised, governments have deepened their level of cooperation to ensure that taxpayers with offshore financial activities continue to meet their domestic tax obligations.

In this regard there has been a dramatic step change over recent years. Whereas tax authorities previously relied largely on individual requests for specific pieces of information relevant to particular tax investigations, the world has strengthened its cooperation by exchanging information automatically each year in relation to a wide range of financial assets held offshore. This is based on the Standard for Automatic Exchange of Financial Account Information in Tax Matters (AEOI Standard), developed by the OECD, working with G20 countries.

The scale of the shift is truly massive, with over 110 jurisdictions now exchanging information on over 111 million financial accounts, with a total value of EUR 11 trillion. Furthermore, another 10 jurisdictions are expected to commence exchanges in the coming years. The information exchanged includes details of Financial Accounts held by foreign tax residents including, in certain cases, where such Financial Accounts are held through Entities that are controlled by foreign tax residents (defined as Controlling Persons).

This has created a permanent shift in the calculus for tax evaders that seek to hide their finances offshore, including through offshore entities, with their chances of being caught now being greater than ever. The impact has already been huge, with over EUR 114 billion in tax, interest and penalties having been raised through voluntary disclosure programmes and other offshore tax compliance initiatives since the commitments were made to implement the AEOI Standard. Furthermore, academic studies have shown that financial investments held in international financial centres have decreased by 22% over the same time period, which has been linked to the implementation of the AEOI Standard.

Delivering the move to the AEOI Standard has required significant investment by jurisdictions and Financial Institutions. Governments across the world have introduced legislation to require Financial Institutions to conduct the detailed due diligence and reporting requirements, have put in place international exchange agreements and have implemented operational and technical solutions to collect and exchange the information, as well as to keep it confidential and secure. Having made these investments and successfully delivered widespread information exchange, the focus has moved to ensuring that the AEOI Standard is operating effectively in practice, in order to maximise the potential benefits.

This is why, once the AEOI Standard had been developed, the G20 called on the Global Forum on Transparency and the Exchange of Information for Tax Purposes (the Global Forum) to monitor and review its global implementation to ensure its effectiveness. Accordingly, throughout the implementation process, the Global Forum has monitored whether the key milestones are being met, before moving to carrying out peer reviews to assess the quality of its implementation. This was to ensure any issues could be addressed early in the implementation process, to maximise the effectiveness of the AEOI Standard based on a level playing field. In this regard, the domestic and international legal frameworks for the first 106 jurisdictions that committed to exchange information automatically have been reviewed, with the results published since

2019. The results show a very high level of completeness of the legal frameworks, with over 90% of jurisdictions being assessed as having legal frameworks for AEOI that are in place or in place but need improvement.

With the completion of the assessments of the AEOI legal frameworks, the focus of the Global Forum turned to ensuring that the AEOI Standard operates effectively in practice. This includes ensuring that Financial Institutions are properly implementing the due diligence and reporting rules, as well as ensuring the correct functioning of the exchanges in practice. In this regard the Global Forum has conducted initial peer reviews to establish the jurisdictions that are on track in their implementation and those with more work to do. The results of these initial effectiveness reviews are being published for the first time in this report. They show that the large majority of jurisdictions are on track, including by implementing administrative compliance frameworks and carrying out compliance interventions to ensure compliance by Financial Institutions and by ensuring the smooth operation of the exchanges. Nevertheless, the results also show that many jurisdictions are still in the early stages of developing and implementing their frameworks and that this should be a key area of focus in the coming years, to maximise the effectiveness of the AEOI Standard as a tool to tackle offshore tax evasion.

In order to promote this focus, the Global Forum is putting in place a further peer review framework, building on the initial reviews to date, to obtain a deeper level of comfort that jurisdictions are ensuring that the AEOI Standard is effective in practice. This will involve a more detailed assessment of the effectiveness of each jurisdiction's administrative compliance framework to ensure that Reporting Financial Institutions are applying due diligence procedures in accordance with the AEOI Standard and the effectiveness of each jurisdiction's exchange of information in practice, including the proper preparation, validation and transmission of the information.

- Chapter 1 provides the latest results of the monitoring process to track the timeliness of the delivery of the commitments to implement the AEOI Standard.
- Chapter 2 sets out details of the peer reviews that have been conducted, including the reviews of the AEOI legal frameworks and the initial reviews of the effectiveness of the implementation of the AEOI Standard in practice, as well as a summary of the results.
- Chapter 3 presents the jurisdiction-specific reports, including the analysis, findings and recommendations made, as well as the determinations in relation to the AEOI legal frameworks and the ratings in relation to effectiveness in practice.
- Annex A provides details of how the various reviews have been staged (the “Staged Approach”).
- Annex B provides information on all the exchange agreements that are in place with respect to the AEOI Standard, including those activated through multilateral frameworks, as well as bilateral agreements.
- Annex C contains the AEOI Terms of Reference, which provides the basis for the AEOI reviews.

The information in this report is up to date as of 2 November 2022. Further information and updates are available on the AEOI Portal (www.oecd.org/tax/automatic-exchange) and the relevant communication channels that each jurisdiction has in place domestically.

1

Monitoring the implementation of the AEOI Standard

As the political imperative to further address the problem of international tax evasion grew, the OECD and G20 developed the AEOI Standard. This was a major change in international tax transparency. All members of the Global Forum, aside from developing countries that did not host a financial centre, were consequently asked to commit to commence exchanging information under the AEOI Standard by 2017 or 2018, and many subsequent commitments to commence exchanges have also been made. This section contains the latest information on the timeliness of the implementation of the AEOI Standard by all jurisdictions.

The OECD, working with G20 countries, developed the AEOI Standard in 2014. The G20 then asked the Global Forum to monitor the implementation of the AEOI Standard worldwide. As a first step, the Global Forum initiated a commitment process to ensure the widespread application of the AEOI Standard, based on a level playing field.

The AEOI commitment process

The Global Forum was quick to recognise the potential benefits of the rapid and widespread implementation of the AEOI Standard, to complement its existing standard of exchange of information on request (EOIR), to provide tax administrations with a powerful set of tools to ensure tax compliance. The Global Forum therefore immediately instigated a process to provide for the commitment of all of its members, except for developing countries that did not host a financial centre, to implement the AEOI Standard to specific timelines. Jurisdictions were asked to:

- implement the AEOI Standard;
- exchange information with all Interested Appropriate Partners (which are all jurisdictions interested in receiving information from a jurisdiction and that meet the expected standards in relation to confidentiality and data safeguards); and
- commence exchanges in 2017 or 2018.

Forty-nine “early adopter” jurisdictions quickly committed to commence the exchange information under the AEOI Standard in 2017, and a further 51 jurisdictions committed to commence exchanged in 2018. Another 21 jurisdictions have since committed to implement the AEOI Standard, with commencement dates ranging between 2019 and 2024. This includes four jurisdictions identified through the Global Forum’s “jurisdiction of relevance” process, established to maintain a level playing field and which subsequently voluntarily committed to implement the AEOI Standard. It also includes 17 developing countries not asked to commit to the AEOI Standard to a specific timeline, but that want to access the benefits the AEOI Standard has to offer.

Further details on the individual commitments made are contained in Tables 1.1 and 1.2.

Monitoring the timeliness of delivery

Once the commitments are made, the Global Forum monitors the timeliness of the delivery of each aspect of the implementation process. The key milestones relate to:

- putting in place a domestic legislative framework requiring Financial Institutions to collect and report the information for exchange in accordance with the due diligence and reporting rules contained in the AEOI Standard;
- putting in place an international legal framework that permits the automatic exchange of information with a jurisdiction’s exchange partners. This consists of an underlying legal basis for the exchange and an administrative agreement containing the detailed specificities. In the overwhelming majority of cases this consists of the multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention), along with the Multilateral Competent Authority Agreement implementing the international framework for the AEOI Standard (or MCAA)¹; and
- establishing a technical infrastructure to receive the information from Financial Institutions and to process and transmit it to exchange partners. With respect to the transmissions, all jurisdictions use the Common Transmission System (CTS), developed and procured by the OECD and managed by the Global Forum.

Delivery of the commitments

Table 1.1 presents details of the numbers of partners to which information was successfully sent since 2018. It also includes instances where the necessary legal frameworks were in place containing an obligation on Reporting Financial Institutions to report information with respect to particular exchange partners, but where no relevant Reportable Accounts were identified (i.e. essentially a nil return).

The widespread delivery of the exchanges shows that the overwhelming majority of jurisdictions implemented the necessary legal and technical frameworks, in accordance with their commitments.

98% of the jurisdictions have delivered on their commitment to exchange information under the AEOI Standard.

Table 1.1. Jurisdictions that have exchanged information in each year from 2018 to 2022

Jurisdiction	Year of commitment to first exchanges	Number of partners to which the data relating to 2017 was sent in 2018	Number of partners to which the data relating to 2018 was sent in 2019	Number of partners to which the data relating to 2019 was sent in 2020	Number of partners to which the data relating to 2020 was sent in 2021	Number of partners to which the data relating to 2021 was sent in 2022
1. Albania ^{1, 5}	2021	N/A	N/A	59	69	75
2. Andorra	2018	39	59	69	62	67
3. Anguilla	2017	4	52	52	55	- ⁶
4. Antigua and Barbuda	2018	36	35	30	33	23
5. Argentina	2017	56	67	71	76	78
6. Aruba	2018	50	58	66	64	65
7. Australia	2018	57	64	70	72	76
8. Austria	2018	46	61	68	71	77
9. Azerbaijan ¹	2018	33	53	48	67	74
10. Bahamas	2018	36	48	56	60	66
11. Bahrain	2018	38	50	59	63	65
12. Barbados	2018	57	53	61	64	62
13. Belgium	2017	66	69	72	77	80
14. Belize	2018	47	59	64	63	67
15. Bermuda	2017	52	61	60	64	70
16. Brazil	2018	56	67	69	76	76
17. British Virgin Islands	2017	50	64	67	65	61
18. Brunei Darussalam	2018	27	27	33	41	61
19. Bulgaria	2017	60	65	71	73	77
20. Canada	2018	56	59	57	66	65
21. Cayman Islands	2017	57	64	70	73	73
22. Chile	2018	48	63	69	72	71
23. China (People's Republic of)	2018	52	64	69	75	76
24. Colombia	2017	60	65	70	77	77
25. Cook Islands	2018	45	62	68	68	72
26. Costa Rica	2018	49	67	69	71	0 ⁷
27. Croatia	2017	60	65	70	76	77
28. Curaçao	2018	57	57	66	51	71
29. Cyprus	2017	59	67	72	74	77
30. Czech Republic	2017	60	60	66	74	80

Jurisdiction	Year of commitment to first exchanges	Number of partners to which the data relating to 2017 was sent in 2018	Number of partners to which the data relating to 2018 was sent in 2019	Number of partners to which the data relating to 2019 was sent in 2020	Number of partners to which the data relating to 2020 was sent in 2021	Number of partners to which the data relating to 2021 was sent in 2022
31. Denmark	2017	66	69	73	76	78
32. Dominica	2018	0	0	0	56	65
33. Ecuador ¹	2021	N/A	N/A	N/A	46	65
34. Estonia	2017	62	66	69	73	74
35. Faroe Islands	2017	57	67	67	73	72
36. Finland	2017	66	69	70	77	81
37. France	2017	62	66	68	71	73
38. <i>Including New Caledonia</i>	2020	N/A	N/A	29	33	36
39. Germany	2017	63	68	68	74	77
40. Ghana ¹	2019	N/A	56	64	62	68
41. Gibraltar	2017	51	59	69	72	73
42. Greece	2017	67	68	69	74	76
43. Greenland	2018	57	67	69	77	76
44. Grenada	2018	55	54	65	61	59
45. Guernsey	2017	61	64	70	73	78
46. Hong Kong (China)	2018	36	45	50	67	71
47. Hungary	2017	57	66	72	72	73
48. Iceland	2017	59	64	67	70	73
49. India	2017	60	67	68	74	77
50. Indonesia	2018	59	66	69	72	77
51. Ireland	2017	66	69	73	78	41 ⁸
52. Isle of Man	2017	57	64	68	75	78
53. Israel	2018	41	55	61	67	71
54. Italy	2017	64	67	71	76	75
55. Jamaica ¹	2022	N/A	N/A	N/A	N/A	11
56. Japan	2018	55	67	70	75	77
57. Jersey	2017	58	65	69	73	76
58. Kazakhstan ³	2021	N/A	N/A	N/A	39	57
59. Kenya ¹	2022	N/A	N/A	N/A	N/A	- ⁶
60. Korea	2017	59	67	70	74	76
61. Kuwait ²	2019	34	52	67	62	72
62. Latvia	2017	56	66	69	75	78
63. Lebanon	2018	27	59	50	60	- ⁶
64. Liechtenstein	2017	50	60	68	75	74
65. Lithuania	2017	63	66	70	70	75
66. Luxembourg	2017	66	69	72	77	79
67. Macau (China)	2018	36	48	60	67	70
68. Malaysia	2018	42	64	65	69	73
69. Maldives ¹	2022	N/A	N/A	N/A	N/A	35
70. Malta	2017	61	67	73	73	73
71. Marshall Islands	2018	1	57	59	60	58
72. Mauritius	2018	58	65	69	74	75
73. Mexico	2017	60	67	67	73	75
74. Monaco	2018	34	58	63	65	66
75. Montserrat	2017	12	16	60	0	57
76. Nauru ⁴	2018	No RFIs	No RFIs	No RFIs	No RFIs	No RFIs

Jurisdiction	Year of commitment to first exchanges	Number of partners to which the data relating to 2017 was sent in 2018	Number of partners to which the data relating to 2018 was sent in 2019	Number of partners to which the data relating to 2019 was sent in 2020	Number of partners to which the data relating to 2020 was sent in 2021	Number of partners to which the data relating to 2021 was sent in 2022
77. Netherlands	2017	61	65	68	70	77
78. New Zealand	2018	55	65	66	73	77
79. Nigeria ¹	2020	N/A	N/A	25	63	73
80. Niue ⁴	2018	No RFIs	No RFIs	No RFIs	No RFIs	No RFIs
81. Norway	2017	64	68	71	75	77
82. Oman ²	2020	N/A	N/A	28	28	39
83. Pakistan ¹	2018	40	55	57	61	55
84. Panama	2018	32	62	63	67	68
85. Peru ¹	2020	N/A	N/A	15	45	61
86. Poland	2017	66	69	71	74	76
87. Portugal	2017	66	69	71	76	75
88. Qatar	2018	9	49	49	58	59
89. Romania	2017	59	65	67	71	77
90. Russia	2018	50	58	63	69	No data
91. Saint Kitts and Nevis	2018	25	62	57	59	61
92. Saint Lucia	2018	40	61	65	68	69
93. Saint Vincent and the Grenadines	2018	65	56	0	0	21
94. Samoa	2018	45	59	64	66	63
95. San Marino	2017	57	63	68	71	74
96. Saudi Arabia	2018	56	65	68	74	72
97. Seychelles	2017	55	66	63	25	49
99. Singapore	2018	50	63	66	70	75
99. Sint Maarten	2018	0	0	0	0	49
100. Slovak Republic	2017	62	67	68	77	77
101. Slovenia	2017	64	69	72	78	80
102. South Africa	2017	57	63	68	76	77
103. Spain	2017	66	71	72	78	80
104. Sweden	2017	61	66	70	73	78
105. Switzerland	2018	36	62	66	72	73
106. Türkiye	2018	1	1	34	55	73
107. Turks and Caicos Islands	2017	44	0	63	67	68
108. United Arab Emirates	2018	43	53	68	70	75
109. United Kingdom	2017	62	68	70	72	76
110. Uruguay	2018	59	67	70	74	77
111. Vanuatu	2018	20	42	53	53	61

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. The number of exchanges jurisdictions undertaken each year can fluctuate for a variety of reasons. They often increase due to new jurisdictions participating in the AEOI Standard, the expansion of exchange networks and delayed exchanges (which can be attributable to a prior year). They can also decrease, such as when delays occur or when technical difficulties arise (in the sending or receiving jurisdiction), which can lead to the rejection of files exchanged. Where delays occur, or technical difficulties arise, jurisdictions are expected to address the issues and send/re-send the information.

1. These jurisdictions are developing countries that were not asked to commit to implementing the AEOI Standard to a particular timeline but did so voluntarily.

2. Developed countries that joined the Global Forum after the commitment process was conducted in 2014. They were therefore asked to commit to a particular timeline upon joining.
3. This jurisdiction was identified through the Global Forum process aimed at identifying jurisdictions of relevance for the implementation of the AEOI Standard and subsequently voluntarily committed to implement the AEOI Standard.
4. As established through the peer review process, there are no Reporting Financial Institutions (RFIs) located in these jurisdictions.
5. Albania voluntarily committed to commence exchanges in 2021 but did so in 2020.
6. These jurisdictions are delayed in undertaking the exchanges that should have taken place by the end of September 2022. They are expected to carry out the exchanges in the near future.
7. Costa Rica has temporarily suspended exchanges while it reviews its confidentiality and data safeguard arrangements.
8. Ireland is experiencing technical difficulties that are impacting some of its 2022 exchanges. They are currently being resolved and the number of 2022 exchanges is expected to increase in the near future.

Jurisdictions yet to commence exchanges as committed to

As set out above, the overwhelming majority of the jurisdictions that have committed to commence exchanges under that AEOI Standard have done so. This is a huge success. There still remains one jurisdiction – **Trinidad and Tobago** – that has not yet delivered as committed as it is still delayed in putting in place the required legal frameworks. A fully effective AEOI Standard requires a level playing field and the Global Forum therefore continues to work closely with Trinidad and Tobago to facilitate the delivery of its commitment.

Commitments to commence exchanges in the future

A further 10 jurisdictions are committed to starting exchanges in the coming years. These are set out in Table 1.2 below.

Table 1.2. Jurisdictions committed to commencing exchanges from 2023 onwards

Year of commitment to first exchanges	Jurisdiction
2023	Jordan ² , Moldova ¹ , Montenegro ² , Thailand ² , Uganda ¹ , Ukraine ¹
2024	Georgia ¹ , Rwanda ¹ , Tunisia ¹
2025	Morocco ¹

1. Developing countries that do not host a financial centre and that were not asked to commit to a specific date to exchange information, but that have done so voluntarily.
2. Jordan, Montenegro and Thailand were identified through the Global Forum process aimed at identifying jurisdictions of relevance for the implementation of the AEOI Standard and subsequently voluntarily committed to implement the AEOI Standard.

Peer reviews of the quality of implementation

While the timeliness of implementation is critical, the potential benefits of the AEOI Standard will only be fully delivered if the requirements are implemented in a complete and effective manner.

To ensure this, Global Forum conducts peer reviews with respect to the quality of the implementation of all aspects of the AEOI Standard. Chapter 2 contains further details in this regard.

Note

¹ Details on each of the agreements in place can be found in Annex B

2 Peer reviews of the AEOI Standard's implementation

In addition to monitoring the timeliness of each jurisdiction's implementation of the AEOI Standard, the Global Forum conducts peer reviews to ensure the implementation is both complete and effective. This includes reviews in relation to the legal frameworks for AEOI and their effectiveness in practice. This chapter provides an overview of the methodology used for the peer reviews and a summary of the findings.

In order to ensure that the implementation of the AEOI Standard is both complete and effective, the Global Forum conducts peer reviews in relation to all of the key areas of the AEOI Standard. These are conducted in accordance with the agreed Terms of Reference for the AEOI reviews, which are contained in Annex C of this report. As set out therein, the Terms of Reference comprise of Core Requirement 1 in relation to the domestic collection of the information, Core Requirement 2 in relation to the international exchange of the information and Core Requirement 3 in relation to confidentiality and data safeguards.

Global Forum AEOI peer reviews: covering all relevant areas

Properly implementing the AEOI Standard requires various legal, technical and operational aspects to be put in place and for them to operate effectively in practice. The Global Forum has therefore designed and conducted a range of peer review processes specifically suited to assess each area of the requirements. The processes are as follows:

- **Assessments of confidentiality and data safeguards frameworks:** The information exchanged, which includes sensitive information identifying taxpayers and their international investments, must be properly safeguarded and used only for the purpose for which it was exchanged (or subsequently authorised). The Global Forum therefore conducts reviews of the legal and operational arrangements jurisdictions have in place, before they commence exchanging information. Assistance is given where needed. The Global Forum again reviews the arrangements in place once exchanges are underway, to ensure the requirements are met on an ongoing basis. Due to their confidential nature, the results of these assessments are not published. The Global Forum also has a mechanism to react to breaches of confidentiality or the safeguarding of data.
- **Reviews of the domestic and international legal frameworks in place:** The AEOI Standard requires complete domestic and international legal frameworks to be in place. Domestically, Financial Institutions must be required to conduct the prescribed due diligence and reporting requirements. Internationally, jurisdictions must have a legal basis in place to exchange the information, in the required manner, with all of their Interested Appropriate Partners. The Global Forum therefore conducts peer reviews of the international legal frameworks in place to ensure they are complete and therefore provide a sound basis for the effective operation of the AEOI Standard.
- **Reviews of the effectiveness of the implementation of the AEOI Standard in practice:** In addition to having complete legal frameworks, jurisdictions must ensure that they operate effectively in practice. The Global Forum therefore also reviews each jurisdiction's implementation of the AEOI Standard in practice, including the frameworks and activities taken to ensure compliance by Financial Institutions and the functioning of the exchanges in practice.

The Global Forum conducts these reviews in stages, mirroring the timings of the implementation process. This ensures that issues are identified early, supporting the effectiveness of the AEOI Standard even during the implementation process. Further details on the staging of the various reviews (the "Staged Approach") are available in Annex A.

Further details in relation to the assessment of confidentiality and data safeguards can be found in the *Confidentiality and Information Security Management Toolkit*.¹ With respect to the other reviews, further details on their scope, the process and the outputs can be found below.

Peer reviews of the AEOI legal frameworks

A key early step in the implementation process is putting in place complete legal frameworks that are in accordance with the AEOI Standard and the commitments made. The Global Forum therefore reviews the frameworks in place early in the implementation process to allow any issues to be promptly addressed.

What is reviewed

The AEOI Terms of Reference group the requirements with respect to the legal frameworks into two Core Requirements. These are set out below:

- **Core Requirement 1:** Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the AEOI Standard, and that provides for the effective implementation of the AEOI Standard as set out therein.
- **Core Requirement 2:** Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Each Core Requirement is split into detailed Sub-Requirements, which are contained in Annex C.

How it is reviewed

For each of the review processes in relation to the AEOI legal frameworks, the following steps are conducted:

- The Global Forum Secretariat conducts an initial in-depth analysis of the legal texts and drafts proposed recommendations where issues are identified.
- The analysis and draft recommendations are sent to all AEOI Peers² for input, which is included as appropriate.
- The analysis and proposed recommendations are sent to the AEOI Peer Review Group (APRG)³ for approval.
- The approved analysis and recommendations are submitted to all AEOI Peers for adoption.

Details specific to each peer review process of the legal frameworks are set out below.

Peer reviews in relation to Core Requirement 1

Core Requirement 1 in the AEOI Terms of Reference refer to the detailed due diligence and reporting procedures that Financial Institutions must follow. These are standardised procedures to ensure that Financial Institutions report the correct information on Financial Accounts and their Account Holders to the tax authority in a uniform manner. It is therefore crucial that each jurisdiction properly reflects these requirements in its domestic legislative framework. The specific elements reviewed are as follows:

- **The due diligence and reporting rules:** This involves a review of how each jurisdiction has: (i) defined the scope of Reporting Financial Institutions, (ii) defined the scope of the Financial Accounts that must be reviewed, (iii) implemented the detailed due diligence procedures that must be applied to identify Reportable Accounts, and (iv) defined the information that must be reported. If a jurisdiction relies on non-AEOI legislation that defines “beneficial owners” in order to identify Controlling Persons with respect to the AEOI Standard, this is also reviewed.
- **Jurisdiction-specific Non-Reporting Financial Institutions and Excluded Accounts:** This consists of a specific review of each entry to ensure that the Non-Reporting Financial Institutions

and Excluded Accounts provided for by each jurisdiction meet the requirements of the AEOI Standard and pose a low-risk of use for tax evasion purposes.

- **The framework to enforce the requirements:** This includes, amongst other aspects, a review of the provisions that jurisdictions have in place to: (i) prevent the circumvention of the AEOI Standard, (ii) to require Reporting Financial Institutions to maintain appropriate records; and (iii) to enforce the requirements and address non-compliance. Where the provisions relied upon are included in non-AEOI legal frameworks, these are also reviewed to the extent they are relevant for the implementation of the requirements of the AEOI Standard.

Where gaps are identified, recommendations are made.

Peer reviews in relation to Core Requirement 2

Core Requirement 2 in the AEOI Terms of Reference contains requirements with respect to both the contents of the international agreements used to exchange the information and the scope of the networks of exchange relationships. These requirements are therefore also essential to ensure the effective operation of the AEOI Standard, based on a level playing field. The particular processes conducted are as follows:

- **The contents of the exchange agreements:** The contents of the exchange agreements put in place are reviewed to ensure their provisions are in accordance with the requirements.
- **Ensuring exchange networks are complete:** It is ensured that each jurisdiction's exchange network includes all of its Interested Appropriate Partners (i.e. the jurisdictions interested in receiving information from a jurisdiction and that meet the expected standards in relation to confidentiality and data safeguards). The process includes facilitating jurisdictions in putting agreements in place, which can be escalated into a peer review mechanism that jurisdictions can trigger if they become concerned about delays with respect to the putting in place of a particular agreement.

Again where gaps are identified, recommendations are made.

Initial peer reviews of the effectiveness in practice of AEOI implementation

Having complete legal frameworks is not sufficient to ensure that the AEOI Standard is effective and delivers the potential benefits it has to offer. It must also be ensured that the requirements are being implemented effectively in practice. The Global Forum therefore carries out initial peer reviews, early in the implementation process, to assess the effectiveness in practice of each jurisdiction's implementation of the AEOI Standard.

What is reviewed

Similarly to the legal frameworks, the AEOI Terms of Reference group the requirements with respect to effectiveness in practice into the same two Core Requirements. These are set out below:

- **Core Requirement 1:** Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the AEOI Standard.
- **Core Requirement 2:** Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Each Core Requirement is again split into detailed Sub-Requirements, as set out in Annex C.

How it is reviewed

For the initial reviews of effectiveness in practice, the following procedures are followed:

- Each jurisdiction provides a detailed description of the operational frameworks they have implemented to ensure the effective implementation of the AEOI Standard by Financial Institutions, including information on the strategy adopted and details of the compliance activities undertaken, the outcomes achieved and any follow-up actions undertaken.
- All AEOI Peers are also invited to provide detailed input in relation to their experiences of the exchanges in practice with each of their exchange partners, including the timeliness and technical aspects, as well as any issues experienced when trying to utilise the information received. Input is also provided on the level of co-operation experienced with each exchange partner when looking to address any such issues that arise.
- The AEOI Assessment Panel, comprised of 13 experts from AEOI Peer jurisdictions, conducts a desk-based exercise to analyse the information provided and other relevant information, such as that found in the public domain. It follows up with each jurisdiction and its exchange partners with respect to any omissions or uncertainties. Once a complete view of the situation is established, the AEOI Assessment Panel finalises its analysis and prepares a short report on each jurisdiction.
- The reports are provided to each jurisdiction for comment before they are submitted to the APRG for discussion and approval. They are then sent to all AEOI Peers for adoption.

Statistics in relation to the operational activities to ensure compliance domestically and in relation to the various aspects of the exchanges in practice play an important role in the assessment, including through benchmarking certain key areas across all jurisdictions. In this regard, it should be noted that the statistics used are based on the disclosure and interpretation of each jurisdiction. Therefore, especially with respect to certain aspects of the domestic compliance frameworks, the statistics are shaped by the framework implemented by individual jurisdictions and may therefore not always be directly comparable. They are nevertheless useful indicators when considered alongside the other information available and have been collected in both 2021 and 2022.

The first draft reports were produced during 2021, following the process set out above, after which the process was repeated to produce the final reports in 2022. The detailed results of these initial peer reviews are included in this report for the first time.

Details specific to each part of the peer review process in relation to effectiveness in practice are set out below.

Peer reviews in relation to Core Requirement 1

The AEOI Terms of Reference refer to jurisdictions ensuring that, in practice, Reporting Financial Institutions are effectively implementing the detailed due diligence and reporting procedures specified in the AEOI Standard. Various specific elements in relation to the required framework are set out, such as various components of the administrative compliance framework that must be put in place, some of which are referred to below.

- **Having an effective administrative framework to ensure compliance:** Various components of each jurisdiction's compliance framework are assessed in detail. Each jurisdiction is therefore asked for details of, amongst other things: (i) the compliance strategy it has in place, including whether it is based on a risk assessment specific to their jurisdiction and that takes into account a range of relevant and information sources, (ii) the procedures the jurisdiction has to ensure that Reporting Financial Institutions are reporting information as required, including to identify incorrect

non-reporting and to follow-up to ensure compliance, (iii) the verification procedures implemented to ensure that the information being reported is complete and accurate, including analysis of the information reported, detail of the desk-based and onsite reviews conducted, and (iv) the enforcement activities carried out, including the application of penalties as appropriate. A jurisdiction's exchange partners are also asked for any issues with respect to compliance by Financial Institutions that they might have identified when using the data received.

- **International collaboration to ensure effectiveness:** There are provisions in the AEOI Standard for collaboration between exchange partners to address errors or non-compliance by Reporting Financial Institutions identified by exchange partners. Feedback is therefore also obtained from each jurisdiction's exchange partners on how effective the cooperation has been in practice.

Where deficiencies or areas for improvement are identified, recommendations are made.

Peer reviews in relation to Core Requirement 2

The AEOI Terms of Reference also contain requirements in relation to the processing of the information reported by Reporting Financial Institutions and its subsequent transmission to exchange partners. Some of the key elements are below.

- **Preparing and validating the information:** Once reported by Reporting Financial Institutions, the information must be sorted, prepared and validated in accordance with the technical requirements set out in the AEOI Standard (e.g. the Common Reporting Standard User Guide and XML Schema). Each jurisdiction's exchange partners are therefore asked about any errors that might have been experienced when trying to utilise the information received. The causes of the issues are identified, including to establish whether there are deficiencies in the sending jurisdiction's systems to process the information reported.
- **Using secure channels to exchange the information:** It is of vital importance that the information is kept safe while it is being transmitted. This is ensured through the use of the CTS which utilises industry leading security standards and which is used by all jurisdictions. This requirement has therefore always been found to be met in practice.
- **Timeliness in the exchanges and follow-up:** The timeliness of the exchanges is also reviewed, including the timeliness of any response to follow-up from a jurisdictions' partners and the provision of additional or amended information as necessary. Again, feedback on these issues is obtained from each jurisdiction's exchange partners.

Where deficiencies or areas for improvement are identified, recommendations are made.

Drawing conclusions and publishing the results

Once the analysis has been completed, the AEOI Assessment Panel prepares draft reports on each jurisdiction. These include the general context, the analysis and findings and conclusions and recommendations. The reports have a section on the AEOI legal frameworks, along with determinations on the extent to which each jurisdiction has the legal frameworks in place, and a section on the initial reviews in relation to effectiveness in practice, including ratings on whether the jurisdiction appears to be on track. Further details in relation to the determinations and ratings are set out below.

The draft reports are shared with the jurisdictions for comments before being submitted to the APRG for approval and AEOI Peers for adoption before publication. This report contains the reports as adopted by AEOI Peers.

Determinations on the AEOI legal frameworks

The determinations on the AEOI legal frameworks are made with respect to each Core Requirement overall. They are either: “**In Place**”, “**In Place But Needs Improvement**” or “**Not In Place**”, with the determination for each Core Requirement and the overall determination taking into account all relevant factors (i.e. it is not a mechanical exercise). Further details on how to interpret each of these determinations, along with an indication of the relevant considerations, are set out in Table 2.1 below.

Table 2.1. The determinations following the review of the AEOI legal frameworks

Determination	Description
In Place	<p>A jurisdiction's legal framework is determined as being “In Place” where the review of its legal framework does not identify any gaps that need to be addressed in order for the legal framework to be in accordance with the AEOI Terms of Reference.</p> <p>This is the case where the peer review processes have not resulted in any recommendations. It is possible, although unusual, for a legal framework to be determined to be In Place even where there is a recommendation. This is only the case where the gap is viewed as so minor that it would have a highly limited impact on the operation of the AEOI Standard.</p>
In Place But Needs Improvement	<p>A jurisdiction's legal framework is determined as being “In Place But Needs Improvement” where the review of its legal framework concludes that the legal framework is in place but certain aspects need improvement in order for it to be fully in accordance with the AEOI Terms of Reference.</p> <p>This is the case where the peer review processes have identified one or more deficiencies material to the proper functioning of elements of the AEOI Standard.</p> <p>The determination of In Place But Needs Improvement is therefore a broad category. It includes jurisdictions with one recommendation, as well as jurisdictions with multiple recommendations. In all cases, the deficiencies are viewed collectively as material to the proper functioning of certain elements of the AEOI Standard, but not to its overall operation.</p>
Not In Place	<p>A jurisdiction's legal framework is determined as being “Not In Place” where the review of its legal framework shows that the legal framework needs to be significantly improved in order to be in accordance with the AEOI Terms of Reference.</p> <p>At the extreme, this is the case where a jurisdiction has not implemented the relevant legal framework. More commonly, this is where the peer review processes have resulted in recommendations viewed collectively as having a material impact on the overall operation of the AEOI Standard.</p> <p>It is important to note, aside from the jurisdictions that have not implemented a legal framework, a determination of Not In Place does not mean that a jurisdiction's legal framework is not in effect. In fact, several aspects of that legal framework are likely to be in place as required. The determination instead means that the impact of the deficiencies found are viewed as creating a material risk to the overall proper functioning of the AEOI Standard (e.g. a jurisdiction's legal framework to enforce the due diligence requirements is substantively incomplete).</p>

Ratings following the initial reviews of effectiveness in practice

The ratings issued following the initial review of the effectiveness in practice of AEOI implementation are also made with respect to each Core Requirement and overall. They are either: “**On Track**”, “**Partially Compliant**” or “**Non-Compliant**”, with the rating for each Core Requirement and the overall rating taking into account all relevant factors (i.e. it is not a mechanical exercise). The terminology for the ratings reflects the fact that these are initial reviews and that the frameworks to ensure effectiveness in practice are not yet fully mature. For these reasons the effectiveness ratings are issued separately to the determinations with respect to the AEOI legal frameworks (which are relatively mature), although legal gaps with a direct influence on the framework to ensure the effective implementation of the requirements by Financial Institutions are taken into account. Further details on how to interpret each of these ratings, along with an indication of the relevant considerations, are set out in Table 2.2 below.

Table 2.2. The ratings following the initial review of the effectiveness in practice of AEOI

Rating	Description
On Track	<p>The effectiveness in practice of jurisdiction's implementation of the AEOI Standard is rated as "On Track" where the initial review of its implementation in practice establishes that:</p> <ul style="list-style-type: none"> (i) the jurisdiction has developed and commenced implementing a complete administrative compliance framework to ensure that Financial Institutions effectively implement their due diligence and reporting obligations and there is an absence of evidence to suggest that it will not be effective in practice, and (ii) the exchanges successfully take place in accordance with the technical requirements and on time, or where issues arise then they are addressed in a timely manner. <p>Given that this rating framework is used for the initial reviews in relation to the effectiveness of operational frameworks that are not yet fully mature, the On Track category is broad. In general, it is given where the review has not identified issues significant to the proper functioning of a Core Requirement or the AEOI Standard, taking into account the general maturity of implementation. The review might nevertheless have identified areas for improvement, beyond simply continuing to implement the framework as envisaged, in which case recommendations for improvement are made.</p>
Partially Compliant	<p>The effectiveness in practice of jurisdiction's implementation of the AEOI Standard in practice is rated as "Partially Compliant" where the initial review of its implementation in practice establishes that:</p> <ul style="list-style-type: none"> (i) the jurisdiction has developed a complete administrative compliance framework to ensure that Financial Institutions effectively implement their due diligence and reporting obligations, although it has not yet begun to fully implement it, and/or (ii) the exchanges are generally taking place successfully, but significant issues have arisen that are often not been addressed in a timely manner. <p>In such cases the assessment has found deficiencies that are significant to the proper functioning of a Core Requirement of the AEOI Standard as a whole.</p>
Non-Compliant	<p>The effectiveness in practice of jurisdiction's implementation of the AEOI Standard in practice is rated as "Non-Compliant" where the initial review of its implementation in practice establishes that:</p> <ul style="list-style-type: none"> (i) the jurisdiction has not yet developed a complete administrative compliance framework to ensure that Financial Institutions effectively implement their due diligence and reporting obligations, and/or (ii) the exchanges are generally not taking place successfully and fundamental issues have arisen that are often not been addressed in a timely manner. <p>In such cases the assessment has found deficiencies that are fundamental to the proper functioning of a Core Requirement of the AEOI Standard as a whole.</p> <p>In this regard, the effectiveness rating takes into account fundamental deficiencies in a jurisdiction's legal framework for AEOI (e.g. jurisdictions with a legal determination of Not In Place), that will likely result in there being fundamental deficiencies in practice. This could be the case where a jurisdiction has not implemented a legal framework or where it has gaps in key areas relating to the enforcement of the requirements.</p>

Overall findings of the review processes

A summary of the determinations and ratings can be found in Table 2.3. Before that, a horizontal summary of the progress made and the key issues identified is provided.

With respect to the AEOI legal frameworks, compliance is high and improving

The results

The AEOI legal frameworks are generally complete, with a high level of compliance identified. Furthermore, any remaining issues continue to be addressed. Since the publication of last year's AEOI peer review report, 15 jurisdictions have requested a reassessment of their legal framework to reflect the actions that they have taken to address the recommendations made. Consequently a further 85 recommendations have been addressed. This means that, to date, 74 jurisdictions have brought amendments into effect to address the recommendations made, resulting in 584 recommendations being addressed in total. This

includes 105 jurisdiction-specific exclusions being removed as they were found to insufficiently meet the requirements.

As a result of the reassessments conducted during 2022, one jurisdiction (Sint Maarten) achieved an upgrade of its determinations in relation to CR1 and its overall determination from **“Not In Place”** to **“In Place But Needs Improvement”**. Its determination in relation to CR2 was upgraded from **“Not In Place”** to **“In Place”**. Furthermore, six jurisdictions (the British Virgin Islands, the Faroe Islands, Germany, Mexico, Monaco and the Netherlands) achieved an upgrade both to their determination in relation to CR1 and their overall determination, from **“In Place But Needs Improvement”** to **“In Place”**. Finally, three jurisdictions (Grenada, Macau (China) and Romania) achieved an upgrade in their determinations, in relation to CR1 and their overall determination, from **“Not In Place”** to **“In Place”**. These amendments are reflected in this report. The remaining jurisdictions successfully addressed some recommendations, although the determinations remained unchanged (Argentina, Barbados, Costa Rica, Hungary and Uruguay).

This report also includes new reviews in relation to four jurisdictions that committed to commence exchanges from 2020 (New Caledonia, Nigeria, Oman and Peru), all of which received a determination of **“In Place”** for CR2 and three of which received a determination of **“In Place But Needs Improvement”** for CR1 (Nigeria, Oman and Peru) and one of which received a determination of **“In Place”** for CR1 (New Caledonia). Their determinations for CR1 were also mirrored in their overall determinations.

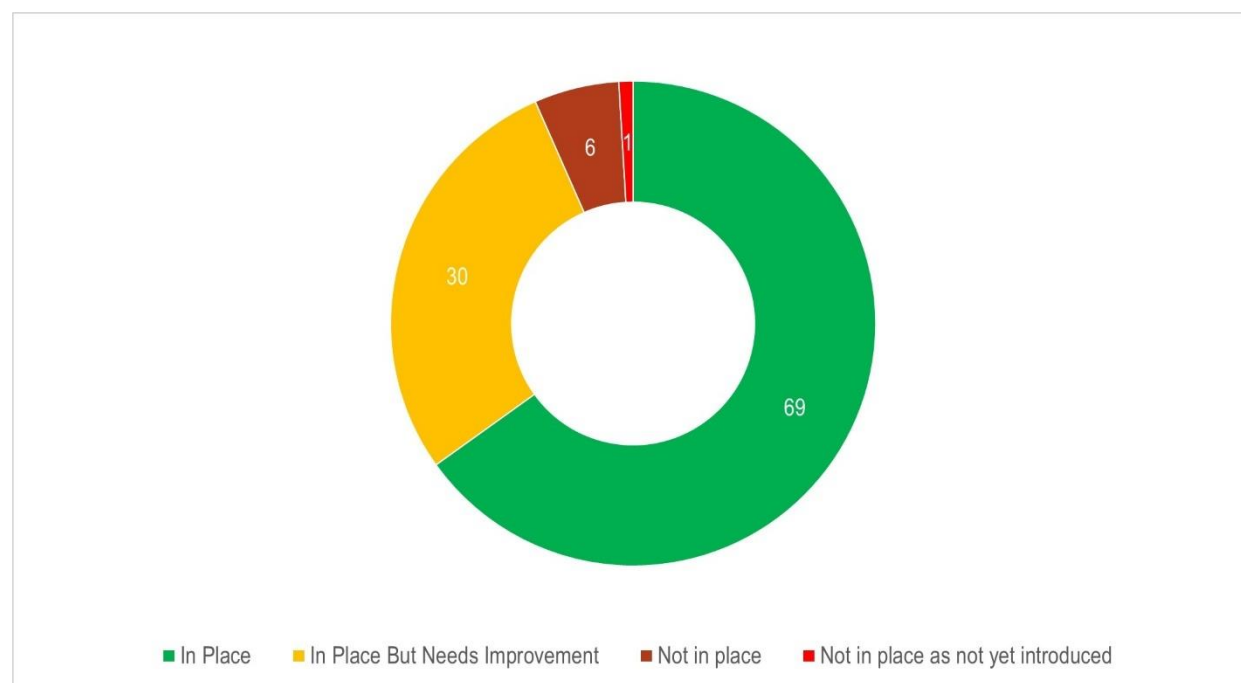
Overall, therefore, there continues to be a very high level of compliance in relation to the legal frameworks put in place to implement the AEOI Standard. Of the over 100 jurisdictions committed to commencing exchanges by 2020, virtually all of them (105, or 99% have an international legal framework that is fully in accordance with the AEOI Terms of Reference. The Global Forum has therefore issued them with a determination of **“In Place” for CR2**. Furthermore, the majority of jurisdictions (69, or 65%) have domestic legislative frameworks that are also fully in accordance with the AEOI Terms of Reference. The Global Forum has therefore issued these jurisdictions with a determination of **“In Place” for CR1**. 69, or 65% **jurisdictions therefore received an overall determination of “In Place”**.

By far the next largest group of jurisdictions 30 (or 28%) are those for which the Global Forum issued a determination of **“In Place” for CR2** and **“In Place But Needs Improvement” for CR1**. Their peer review reports include one or more recommendations to amend their domestic legislative framework in order for it to be fully consistent with the AEOI Terms of Reference. Consequently, 30 (or 28%) **jurisdictions received an overall determination of “In Place But Needs Improvement”**. In total, 99 (or 93%) of the jurisdictions now have domestic and international legal frameworks that are fully or substantially in place, up from 89% in 2021. This demonstrates a generally high level of compliance with the Terms of Reference.

Following the actions taken, 93% of the jurisdictions have now been determined to have domestic and international legal frameworks that are fully or substantially in accordance with the AEOI Terms of Reference

Of the remaining jurisdictions, six have implemented a domestic legislative framework which contains many of the requirements, but that includes significant deficiencies. The remaining one jurisdiction (Trinidad and Tobago) has not yet implemented a domestic legal framework. Seven **jurisdictions have therefore received an overall determination of “Not In Place”**. Figure 2.1 summarises the distribution of the peer review results.

Figure 2.1. Overall determinations at a glance (total number of jurisdictions assessed so far 106)



Common issues identified

While there remains a generally high level of compliance with the requirements, there are some commonalities in relation to the issues where recommendations remain. They most commonly relate to the following:

- The largest category of remaining recommendations are jurisdiction-specific Non-Reporting Financial Institutions and Excluded Accounts that are not in accordance with to the requirements of the AEOI Standard.
- Perhaps of even greater significance is the next largest category of recommendations, which relate to issues found with respect to the legislative provisions to enforce the requirements. This includes gaps in the powers to address avoidance of the due diligence and reporting requirements, the ability to impose sanctions on Account Holders and Controlling Persons for submitting false self-certifications and having record-keeping obligations that cover the full scope of the records required to be kept under the AEOI Standard. Their significance is reflected by the fact that all of the jurisdictions with legal frameworks that have been determined to be “**Not In Place**” have multiple recommendations with respect to their enforcement frameworks.
- Several more specific recommendations have also been made in cases where jurisdictions have summarised the detailed definitions in the AEOI Standard with the omission of relevant details that are needed to ensure their full and proper operation.

The Global Forum continues to work with the jurisdictions concerned to assist them in addressing the issues where recommendations have been made. It is also developing processes to continue to monitor the implementation of the AEOI Standard in relation to these issues, as well as to obtain a deeper level of assurance with respect to the implementation of the AEOI Standard in practice (see Next steps below).

With respect to the effectiveness in practice of AEOI, the situation is generally progressing in line with expectations, but it must remain a key area of focus

This report contains, for the first time, the initial analysis, conclusions and ratings in relation to the effectiveness in practice of the implementation of the AEOI Standard for 99 jurisdictions that committed to commence exchanges in 2017 or 2018.

The results

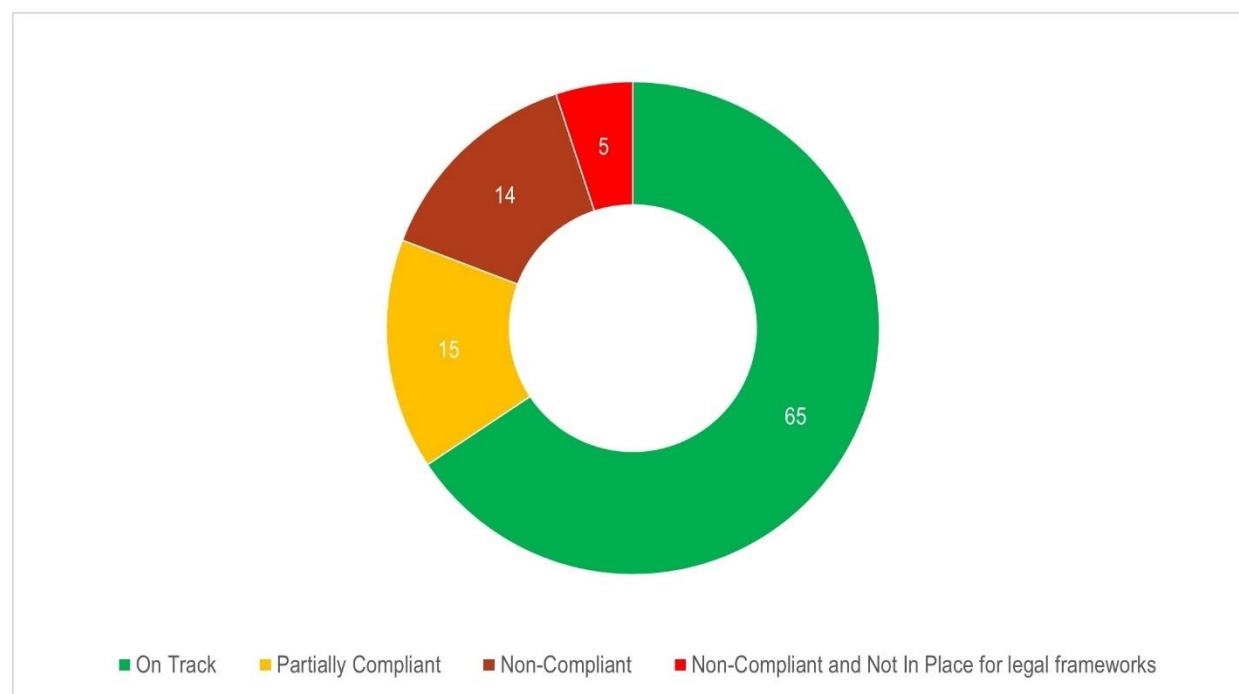
As mentioned previously, the results in this report are from the initial reviews, conducted in parallel to the implementation of the AEOI Standard by jurisdictions. Significant advancements therefore continue to be made. Overall, the picture is a positive one with a large majority of jurisdictions being found to be on track with their implementation. Furthermore, where issues have been identified (including during the review process, which included draft assessments in 2021, that were finalised in 2022), in the majority of cases they have been promptly addressed.

As a consequence, at the present time almost two thirds (65 or, 66%) of the jurisdictions that committed to commence exchanges in 2017 or 2018 have been rated as “On Track” with respect to their frameworks and activities to ensure the effectiveness of the AEOI Standard in practice. They have therefore been found to have developed complete administrative compliance frameworks to ensure that Financial Institutions effectively implement their due diligence and reporting obligations, which they are also implementing, and they are successfully conducting the exchanges in practice, addressing any issues as they emerge. A further 15 of jurisdictions have been found to have credible frameworks and plans in place and are generally successfully exchanging the information in accordance with the technical requirements but need to further implement their plans. These jurisdictions have therefore been rated as “Partially Compliant”. It is expected that the implementation in many of these jurisdictions will generally become much more mature in the near future, based on the plans they have in place. Finally, 19 jurisdictions have been found to have fundamental deficiencies in their frameworks (i.e. they are not yet fully developed) and have therefore been found to be “Non-Compliant”, five of which are constrained due to their lack of enforcement powers in their legislative frameworks. So, while the exchanges are taking place each year, they do not yet have complete operational frameworks to verify that Financial Institutions are effectively complying with all of the due diligence and reporting requirements.

More generally, the rate of improvement and the increasing maturity in implementation continues at pace. Over the last two years around three-quarters of jurisdictions have seen improvements in their ability to match the information received based on the increase in quality of the information being sent, a similar number have seen improvements in the collection of Tax Identification Numbers, as well as reductions in the numbers of undocumented accounts reported. Furthermore, the rate of the collection and exchange of dates of birth is close to 100%. As regards the exchanges themselves, delays in the exchanges are relatively rare and two-thirds of jurisdiction showed improvements in the preparation of the files, resulting in fewer rejections being experienced.

Figure 2.2 summarises the distribution of the peer review results.

Figure 2.2. Overall ratings at a glance (total number of jurisdictions assessed so far 99)



Common issues identified

While around two thirds of jurisdictions were found to be “On Track” with their implementation, amongst the other jurisdictions, several common issues were identified.

The most significant issues identified relate to jurisdictions that have been delayed in putting in place a complete and credible operational plan to ensure compliance with the requirements by Financial Institutions. In many cases some activities had been conducted to ensure all Financial Institutions are reporting information (e.g. by cross checking relevant lists of regulated entities), but there has been limited activities to ensure that the information being reported is complete and accurate. In general, these jurisdictions understood the deficiencies identified and seemed intent on addressing them. In general, it is therefore not expected that these issues will persist, although jurisdictions with constraints in their legal frameworks to enforce the requirements will generally take longer.

In terms of less severe issues, there is another group of jurisdictions that have credible plans in place but that have only very recently started implementing them. For example, the level of checks to ensure that the information being reported is complete and accurate might not yet be very mature, such as being limited to analysing the information but not yet carrying out compliance activities in relation to specific Financial Institutions. For these jurisdictions, as they already have credible plans in place, it is expected they will often quickly show improvements.

With respect to the exchanges in practice, the level of implementation has been very high and improving. The issues identified often related to the transition to the new version of the Common Reporting Standard Schema that occurred during 2021. Jurisdictions have nevertheless generally been proactive in looking to resolve issues where they emerge.

Jurisdiction-specific conclusions

Table 2.3 contains a summary of the determinations made with respect to legal frameworks introduced by each jurisdiction to implement the AEOI Standard and the ratings made following the initial review of the

effectiveness of their implementation in practice. Further details on the analysis and reasons for the determinations for each jurisdiction can be found in Chapter 3.

Table 2.3. Overview of the determinations on the legal frameworks and the ratings on effectiveness in practice for the assessed jurisdictions

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Andorra	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Anguilla	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Antigua and Barbuda	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	Partially Compliant	Non-Compliant
Argentina	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Partially Compliant	On Track	Partially Compliant
Aruba	Not In Place	In Place	Not In Place	Non-Compliant	On Track	Non-Compliant
Australia	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Austria	In Place	In Place	In Place	On Track	On Track	On Track
Azerbaijan	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Bahrain	In Place	In Place	In Place	On Track	On Track	On Track
Barbados	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	Partially Compliant	On Track
Belgium	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Belize	Not In Place	In Place	Not In Place	Non-Compliant	On Track	Non-Compliant
Bermuda	In Place	In Place	In Place	On Track	On Track	On Track
Brazil	In Place	In Place	In Place	On Track	On Track	On Track

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
British Virgin Islands	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Brunei Darussalam	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Bulgaria	In Place	In Place	In Place	On Track	On Track	On Track
Canada	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Cayman Islands	In Place	In Place	In Place	On Track	On Track	On Track
Chile	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	Partially Compliant	Non-Compliant
China	In Place	In Place	In Place	On Track	On Track	On Track
Colombia	In Place	In Place	In Place	On Track	On Track	On Track
Cook Islands	In Place	In Place	In Place	Non-Compliant	On Track	Non-Compliant
Costa Rica	Not In Place	In Place	Not In Place	Non-Compliant	Partially Compliant	Non-Compliant
Croatia	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	On Track	Non-Compliant
Curaçao	Not In Place	In Place	Not In Place	Non-Compliant	Partially Compliant	Non-Compliant
Cyprus	In Place	In Place	In Place	On Track	On Track	On Track
Czech Republic	In Place	In Place	In Place	On Track	On Track	On Track
Denmark	In Place	In Place	In Place	On Track	On Track	On Track
Dominica	In Place	In Place	In Place	Non-Compliant	Partially Compliant	Non-Compliant

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Estonia	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Partially Compliant	On Track	Partially Compliant
Faroe Islands	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Finland	In Place	In Place	In Place	On Track	On Track	On Track
France	In Place	In Place	In Place	On Track	Partially Compliant	On Track
Germany	In Place	In Place	In Place	On Track	On Track	On Track
Ghana	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Not yet reviewed		
Gibraltar	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Greece	In Place	In Place	In Place	On Track	On Track	On Track
Greenland	In Place	In Place	In Place	On Track	On Track	On Track
Grenada	In Place	In Place	In Place	Non-Compliant	Partially Compliant	Non-Compliant
Guernsey	In Place	In Place	In Place	On Track	On Track	On Track
Hong Kong (China)	In Place	In Place	In Place	On Track	On Track	On Track
Hungary	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Iceland	In Place	In Place	In Place	On Track	On Track	On Track
India	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Indonesia	In Place	In Place	In Place	On Track	On Track	On Track
Ireland	In Place	In Place	In Place	On Track	On Track	On Track

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Isle of Man	In Place	In Place	In Place	On Track	On Track	On Track
Israel	Not In Place	In Place	Not In Place	Partially Compliant	On Track	Partially Compliant
Italy	In Place	In Place	In Place	On Track	On Track	On Track
Japan	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Jersey	In Place	In Place	In Place	On Track	On Track	On Track
Korea	In Place	In Place	In Place	On Track	On Track	On Track
Kuwait	Not In Place	In Place	Not In Place	Not yet reviewed		
Latvia	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Lebanon	In Place	In Place	In Place	On Track	On Track	On Track
Liechtenstein	In Place	In Place	In Place	On Track	On Track	On Track
Lithuania	In Place	In Place	In Place	On Track	On Track	On Track
Luxembourg	In Place	In Place	In Place	On Track	On Track	On Track
Macau (China)	In Place	In Place	In Place	On Track	On Track	On Track
Malaysia	In Place	In Place	In Place	On Track	On Track	On Track
Malta	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Marshall Islands	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Mauritius	In Place	In Place	In Place	On Track	On Track	On Track

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Mexico	In Place	In Place	In Place	Partially Compliant	Partially Compliant	Partially Compliant
Monaco	In Place	In Place	In Place	On Track	On Track	On Track
Montserrat	In Place	In Place	In Place	Non-Compliant	Non-Compliant	Non-Compliant
Nauru	In Place	In Place	In Place	On Track	On Track	On Track
Netherlands	In Place	In Place	In Place	On Track	On Track	On Track
New Caledonia	In Place	In Place	In Place	Not yet reviewed		
New Zealand	In Place	In Place	In Place	On Track	On Track	On Track
Nigeria	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Not yet reviewed		
Niue	In Place	In Place	In Place	On Track	On Track	On Track
Norway	In Place	In Place	In Place	On Track	On Track	On Track
Oman	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Not yet reviewed		
Pakistan	In Place	In Place	In Place	Partially Compliant	Partially Compliant	Partially Compliant
Panama	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	Partially Compliant	Non-Compliant
Peru	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Not yet reviewed		
Poland	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Portugal	In Place	In Place	In Place	On Track	On Track	On Track

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Qatar	In Place	In Place	In Place	On Track	On Track	On Track
Romania	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Russia	In Place But Needs Improvement	In Place	In Place But Needs Improvement	No data available		
Saint Kitts and Nevis	In Place	In Place	In Place	On Track	On Track	On Track
Saint Lucia	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Saint Vincent and the Grenadines	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	Non-Compliant	Non-Compliant
Samoa	In Place	In Place	In Place	On Track	On Track	On Track
San Marino	In Place	In Place	In Place	On Track	On Track	On Track
Saudi Arabia	In Place	In Place	In Place	On Track	On Track	On Track
Seychelles	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	Non-Compliant	Non-Compliant
Singapore	In Place	In Place	In Place	On Track	On Track	On Track
Sint Maarten	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	Non-Compliant	Non-Compliant
Slovak Republic	In Place	In Place	In Place	On Track	On Track	On Track
Slovenia	In Place	In Place	In Place	On Track	On Track	On Track
South Africa	In Place	In Place	In Place	Partially Compliant	On Track	Partially Compliant
Spain	In Place	In Place	In Place	On Track	On Track	On Track

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic information collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Sweden	In Place	In Place	In Place	On Track	On Track	On Track
Switzerland	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
The Bahamas	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	On Track	Non-Compliant
Trinidad and Tobago	Not In Place	Not In Place	Not In Place	Non-Compliant	Non-Compliant	Non-Compliant
Türkiye	In Place	In Place	In Place	Partially Compliant	Partially Compliant	Partially Compliant
Turks and Caicos Islands	In Place But Needs Improvement	In Place	In Place But Needs Improvement	Non-Compliant	On Track	Non-Compliant
United Arab Emirates	In Place	In Place	In Place	On Track	On Track	On Track
United Kingdom	In Place	In Place	In Place	On Track	On Track	On Track
Uruguay	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track
Vanuatu	In Place	In Place	In Place	Non-Compliant	On Track	Non-Compliant

Next steps

The methodology and timeline for the initial peer reviews in relation to the effectiveness in practice of the implementation of the AEOI Standard was designed to allow issues to be identified early, even during the implementation process. This recognised that the operation of the AEOI Standard was not yet fully mature.

Therefore, having completed the initial reviews in relation to the effectiveness in practice of the implementation of the AEOI Standard, the Global Forum is already developing its approach to its future reviews. In this regard it is expected that a deeper level of assurance would be sought as to the effectiveness in practice of the implementation of the AEOI Standard, including strengthened expectations and deeper verification methods, particularly in relation to ensuring the effective implementation of the requirements by Financial Institutions.

Notes

¹ OECD (2020), *Confidentiality and Information Security Management Toolkit*, www.oecd.org/tax/transparency/documents/confidentiality-ism-toolkit_en.pdf.

² All jurisdictions committed to implementing the AEOI Standard and that have passed domestic legislation to that effect.

³ A peer review group of the Global Forum consisting of 33 members which replaced the former AEOI Group (www.oecd.org/tax/transparency/documents/aprg-members.pdf).

3 Jurisdiction-specific reports

Andorra

This report analyses the implementation of the AEOI Standard in Andorra with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Andorra's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Andorra's international legal framework to exchange the information with all of Andorra's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of an element of the AEOI Standard. More specifically, Andorra's legal framework includes jurisdiction-specific Excluded Accounts that are not in accordance with the AEOI Standard.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Andorra's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Andorra is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: **On Track**

General context

Andorra commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Andorra:

- enacted Law 19/2016, of 30 November 2016, on automatic exchange of information in tax matters as amended by Law 29/2017, Law 30/2017, and Law 19/2018;
- introduced Decree of 2 August 2017, Decree of 7 February 2018, Decree of 3 October 2018 and Decree of 16 January 2019;
- introduced the Ministerial Order of 7 February 2018;
- issued further guidance, which is not legally binding; and
- made reference to the Law 14/2017, of 22 June, on the prevention and fight against money laundering and terrorist financing with respect to the identification of Controlling Persons.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Andorra:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- has in place an agreement with the European Union.

Table 1 sets out the number of Financial Institutions in Andorra that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Andorra requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Andorra's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	25
Financial Accounts reported in 2021	56 904

Table 2 sets out the number of exchange partners to which information was successfully sent by Andorra in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Andorra's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	39	59	69	62

In order to provide for the effective implementation of the AEOI Standard, in Andorra:

- the Ministry of Finance (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Andorra's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by establishing a secured platform for reporting that includes a validation system; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Andorra's legal frameworks implementing the AEOI Standard concluded with the determination that Andorra's domestic legal framework is In Place But Needs

Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Andorra's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Andorra are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Andorra's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2). More specifically, Andorra provides for several jurisdiction-specific Excluded Accounts that are not in accordance with the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Andorra has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Andorra has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Andorra provides for four jurisdiction-specific Excluded Accounts that are not in accordance with the requirements. The definition of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

Andorra should amend its domestic legislative framework to remove four entries from its jurisdiction-specific list of Excluded Accounts as they do not meet the requirements because they are not subject to regulation as a savings or investment vehicle. The entries are: i) accounts linked to insurance contracts or any other contractual arrangement for pension plans or other social welfare instruments; ii) accounts linked to insurance contracts or any other arrangement for savings products for purposes other than retirement; iii) operative current accounts exclusively used for payments associated with ownership or usage of a residence in Andorra; and iv) custodial accounts holding Andorran Government public debt securities with an average balance not exceeding USD 50 000.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Andorra has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Andorra has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Andorra's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Andorra's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Andorra and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Andorra has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Andorra put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Andorra's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Since 2009, Andorra has initiated a transformative process to meet its commitments to transparency and meeting international standards of exchange of tax information, and has also consolidated a modern national tax and economic regulatory framework to be equivalent to those of our neighbouring countries. While it has been a challenging task, Andorra has had notable success in such a short period of time and Andorra has done it with the conviction that this was the only path to follow. The outcome of the evaluation contained in this report confirms this commitment.

Andorra's priority is to be as competitive as possible in a globalized economy, with full commitment to transparency and compliance with international standards, while continuing to improve the legal framework and ensuring a level playing field.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Andorra are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Andorra's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Andorra is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:

- i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Andorra implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Andorra implemented an overarching strategy to ensure compliance with the AEOI Standard that includes a risk assessment that took into account a range of relevant information sources, such as annual audit reports from all Financial Institutions and the CRS information reported. Andorra's compliance strategy facilitates compliance by providing Financial Institutions with timely information and incorporates a credible approach to enforcement. Andorra intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Andorra has worked effectively to understand its population of Financial Institutions, including non-regulated entities, utilising various relevant information sources, such as the list of regulated entities from the Andorran Financial Authority (AFA), the Companies Register, tax reports and the Foreign Financial Institution list for FATCA purposes. Andorra is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Andorra intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Ministry of Finance, the institution responsible for implementing Andorra's compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Andorra has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments (e.g. a report validation manual and CRS data transmission system). Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Andorra effectively verifies compliance by requiring annual audit reports on compliance with the AEOI regulations, issued by an external auditor authorised by the Ministry of Finance. This includes in-depth reviews and the inspection of records held by Reporting Financial Institutions. The audit reports must follow the requirements set out in a technical note issued by regulation and are reviewed by the Ministry of Finance. Andorra has the authority to inspect the

records of Reporting Financial Institutions and to apply dissuasive penalties and sanctions for non-compliance.

- It appears that Andorra is ready to take effective action to address circumvention of the requirements if such circumvention is detected. As part of its compliance activities, Andorra also verifies whether self-certifications are obtained as required and follows up on undocumented accounts.
- Andorra will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Andorra has carried out substantial communication and outreach activities, such as the training of Financial Institutions, publishing a webpage with relevant and up-to-date information on compliance and constant communication with Financial Institutions' associations.
Verifying that Financial Institutions are reporting as required	Andorra has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as ensuring all Financial Institutions registered with the AFA submit the required reports and identified one Financial Institutions incorrectly not reporting. It is following up on this issue with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Andorra has conducted a significant number of desk-based checks to verify whether the due diligence rules are being properly implemented and the information being reported is complete and accurate. Furthermore, Andorra has ordered and reviewed the reports of a significant number of in-depth external audits and identified no issues.
Enforcement	Following the activities mentioned above, Andorra has not yet imposed penalties and sanctions, but has one case open in court for failure to report.

The annual audits required by Andorra of all Financial Institutions include sample monitoring of the proportion of Financial Accounts that are reported that include information on Tax Identification Numbers (TIN) and dates of birth with respect to the individuals associated with them to ensure they do not surpass domestically established thresholds. However, Andorra does not have a centralized approach to monitor this information. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. The level of undocumented accounts in Andorra appeared to be in line with most other jurisdictions.

Four exchange partners highlighted issues with respect to the information received, such as a high rate of missing or incorrect TINs and addresses. Follow-up discussions confirmed that Andorra is aware of these issues and has taken steps to improve the situation. More generally, many of the exchange partners that received a significant number of records from Andorra indicated that they achieved a success rate when matching the information received from Andorra with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Andorra is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement, including with respect to monitoring key data points, such as the

collection rates of TINs and dates of birth. Andorra is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Andorra should implement systems to collect and monitor information on the reporting of Tax Identification Numbers and dates of birth to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Andorra implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Andorra has the necessary systems and procedures to process them as required. It also appears that Andorra notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Andorra is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Andorra is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Andorra's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Andorra is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

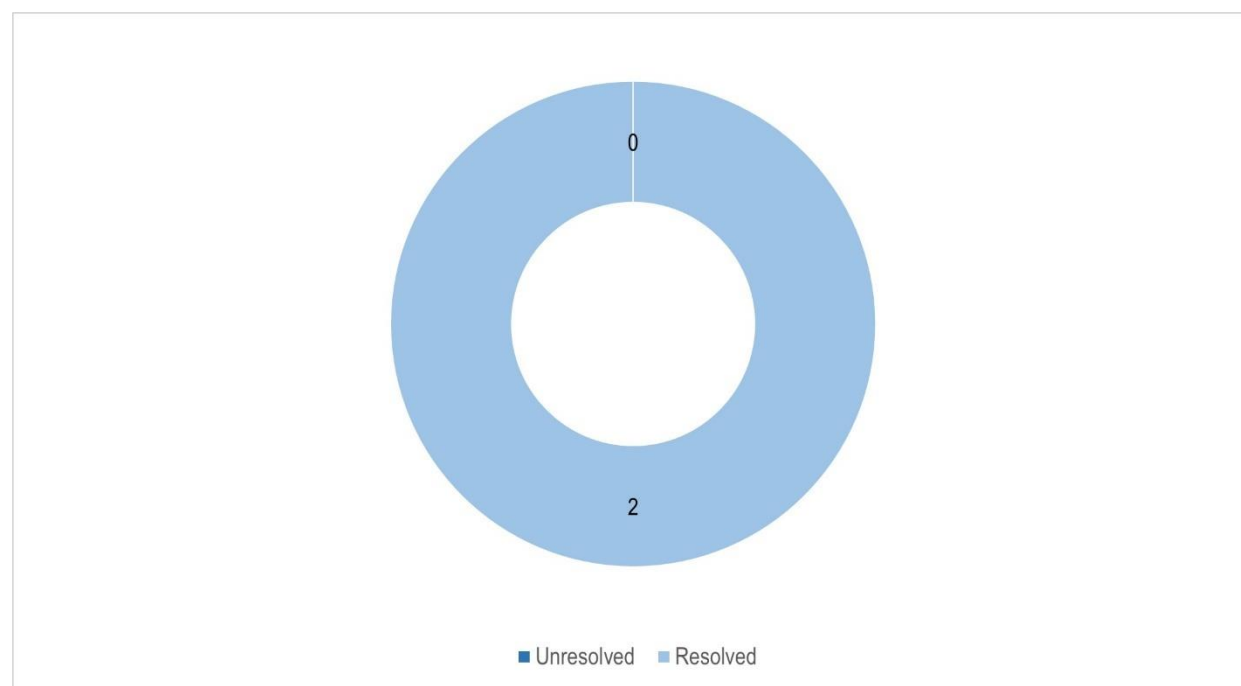
SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Andorra. These generally related to message specifications and failed schema validation. More generally, nine (or 12.5%) of Andorra's exchange partners reported rejecting more than 25% of the files received, of which five reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions and

it has increased over time. It was noted that Andorra has already successfully addressed the issues raised, including by implementing system corrections to avoid file rejections.

Figure 1. Technical issues raised by Andorra's exchange partners



Based on these findings it was concluded that Andorra is fully meeting expectations in relation to sorting, preparing and validating the information. Andorra is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Andorra linked to the CTS.

Based on these findings it was concluded that Andorra is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Andorra is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Andorra. Follow-up discussions confirmed that Andorra has engaged with the partner to solve the issue.

Based on these findings it was concluded that Andorra is fully meeting expectations in relation exchanging information in a timely manner. Andorra is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Andorra's exchange partners did not raise any concerns with respect to Andorra's use of the agreed transmission methods and therefore with Andorra's implementation of this requirement.

Based on these findings it was concluded that Andorra is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Andorra is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by Andorra, representing 2.5% of its partners. It was noted that Andorra appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Andorra is fully meeting expectations in relation to the receipt of the information. Andorra is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Andorra appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Andorra's exchange partners and therefore with respect to Andorra's implementation of these requirements.

Based on these findings it was concluded that Andorra appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Andorra is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Anguilla

This report analyses the implementation of the AEOI Standard in Anguilla with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Anguilla's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Anguilla's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Anguilla's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Anguilla's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Anguilla is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Anguilla commenced exchanges under the AEOI Standard on a non-reciprocal basis (i.e. it sends but does not receive information) in 2017 (the first exchanges were made in 2018 with respect to 2016 and 2017 reporting periods).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Anguilla:

- enacted the Tax Information Exchange (International Cooperation) Act;
- introduced the International Tax Compliance (CRS) Regulations; and
- issued further guidance (referred to as Guidance Notes), which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, Anguilla:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Anguilla that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Anguilla requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Anguilla's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	10
Financial Accounts reported in 2021	674

Table 2 sets out the number of exchange partners to which information was successfully sent by Anguilla in the past few years (including where the necessary frameworks were in place but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Anguilla's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	4	52	52	55

In order to provide for the effective implementation of the AEOI Standard, in Anguilla:

- the Inland Revenue Department (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Anguilla's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the National Tax Agency, which ensure the validation of the data reported by Financial Institutions before it is exchanged with Anguilla's exchange partners; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Anguilla's legal frameworks implementing the AEOI Standard concluded with the determination that Anguilla's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Anguilla's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Anguilla are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Anguilla's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Anguilla has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Anguilla has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Anguilla has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Anguilla has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Anguilla's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Anguilla's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Anguilla and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Anguilla has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Anguilla put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Anguilla's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Anguilla are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Anguilla's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Anguilla is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Anguilla should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Anguilla implemented some of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Anguilla commenced implementing a strategy aimed at ensuring compliance with the AEOI Standard and pursued communication and outreach activities, such as offering training to Financial Institutions, holding workshops with the industry associations and relevant stakeholders and providing guidance on exchange of information on a dedicated website.
- Anguilla has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the list of regulated financial entities provided by the Anguilla Financial Services Commission (the financial regulator), the Foreign Financial Institution list for FATCA purposes and questionnaires sent to trust companies regarding any unregulated investment entities they may have identified in their portfolios. Anguilla has also taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Anguilla intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Anguilla's compliance strategy appears to have the necessary powers to discharge its functions, although the adequacy of its resourcing to monitor and ensure compliance by Reporting Financial Institutions is unclear.
- Anguilla has carried out some desk-based checks to verify whether the information being reported is complete and accurate, but it has not yet conducted in-depth reviews, including the inspection of records of Reporting Financial Institutions, nor has it yet identified any cases of non-compliance or carried out any enforcement activities. This includes not yet verifying that self-certifications are being collected as required and that it is followed up on undocumented accounts. Anguilla has therefore not yet demonstrated how it effectively addresses non-compliance by Reporting Financial Institutions, including through the application of dissuasive penalties and sanctions for non-compliance.
- Anguilla appears ready to take effective action to address the circumvention of the requirements and will monitor the application of its one category of jurisdiction-specific Excluded Account (dormant accounts) as part of its more general monitoring activities (it does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Anguilla has carried out some communication and outreach activities, such as offering training to Financial Institutions, holding workshops with the industry associations and relevant stakeholders, and providing guidance on exchange of information on a dedicated website.
Verifying that Financial Institutions are reporting as required	Anguilla has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as checking the list of regulated financial entities provided by the Anguilla Financial Services Commission (the financial regulator), the Foreign Financial Institution list for FATCA purposes and questionnaires sent to trust companies regarding any unregulated investment entities they may have identified in their portfolios and identified some Financial Institutions incorrectly not reporting. Anguilla has also followed up to ensure reporting.
Verifying whether the information reported is complete and accurate	Anguilla has conducted some desk-based checks to verify whether the information being reported is complete and accurate. It identified no

Activity type	Activities undertaken
Enforcement	issues. Furthermore, Anguilla has not yet conducted in-depth reviews or onsite visits and does not have current plans to do so. Following the activities mentioned above, Anguilla has not yet imposed penalties and sanctions.

Anguilla was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Anguilla was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Furthermore, four exchange partners highlighted issues with respect to the information received, such as missing or invalid Tax Identification Numbers and missing dates of birth. Follow-up discussions confirmed that Anguilla is aware of these issues and is seeking to improve the situation. More generally, the exchange partner that received a significant number of records from Anguilla indicated that it achieved a success rate when matching the information received from Anguilla with its taxpayer database that was broadly equivalent to, or better than, what it usually achieves.

Based on these findings it was concluded that Anguilla is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures, but there is still room for improvement. More specifically, significant issues have been identified, including with respect to Anguilla's enforcement strategy, the activities to verify that the information reported is complete and accurate, including with respect to self-certifications, Tax Identification Numbers, dates of birth and undocumented accounts, and circumvention of the requirements. Anguilla should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Anguilla should commence the implementation of in-depth reviews, and implement its framework to address non-compliance by Reporting Financial Institutions, taking enforcement activities where non-compliance is identified.

Anguilla should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Anguilla should implement its policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

Anguilla should commence its planned activities to follow up with Reporting Financial Institutions reporting undocumented accounts, including to understand the reason for it and to ensure they are correctly applying the definition.

Anguilla should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Anguilla exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Anguilla implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, it appears that Anguilla has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Anguilla is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Anguilla is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Anguilla's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information (SRs 2.5 - 2.7) and providing corrections, amendments or additions to the information (SR 2.9), although improvements are needed to exchange the information in a timely manner. The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Anguilla exchanges information non-reciprocally, so does not receive information. Anguilla has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Anguilla (representing 3% of its partners). These generally related to verifying and sorting data. More generally, two (or 3%) of Anguilla's exchange partners reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Anguilla has still not yet addressed all of the issues.

Based on these findings it was concluded that, overall, Anguilla is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to addressing issues raised by the exchange partners. Anguilla is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Anguilla should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Anguilla linked to the CTS.

Based on these findings it was concluded that Anguilla is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Anguilla is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Five exchange partners highlighted delays in the sending of information by Anguilla (representing 8% of its partners). This represents a relatively high proportion of exchange partners, although it has improved over time. Furthermore, two partners stated that the information has still not been received.

Based on these findings it was concluded that Anguilla is partially meeting expectations in relation to exchanging the information in a timely manner. However, significant issues have been identified, including with respect to the timeliness of exchanges.

Recommendations:

Anguilla should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Anguilla's exchange partners did not raise any concerns with respect to Anguilla's use of the agreed transmission methods and therefore with Anguilla's implementation of this requirement.

Based on these findings it was concluded that Anguilla is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Anguilla is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Anguilla exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Feedback from Anguilla's exchange partners did not raise any concerns with respect to Anguilla's response to notifications or provision of corrected, amended or additional information and therefore with respect to Anguilla's implementation of these requirements.

Based on these findings it was concluded that Anguilla appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Anguilla is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Guernsey, the Isle of Man and the United Kingdom.

Antigua and Barbuda

This report analyses the implementation of the AEOI Standard in Antigua and Barbuda with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Antigua and Barbuda's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Antigua and Barbuda's international legal framework to exchange the information with all of Antigua and Barbuda's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, Financial Account is not defined in accordance with the AEOI Standard and there are no sanctions on Account Holders and Controlling Persons for the provision of false self-certifications.

Overall determination on the legal framework: In Place But Needs Improvement
--

Effectiveness of AEOI in practice

Antigua and Barbuda's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Antigua and Barbuda is partially compliant with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant
--

General context

Antigua and Barbuda commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Antigua and Barbuda:

- enacted the Automatic Exchange of Financial Account Information Act 2016 (No. 11 of 2016);
- enacted the Automatic Exchange of Financial Account Information (Amendment) Act 2017 (No. 39 of 2017); and
- introduced the Automatic Exchange of Financial Account Information Regulations 2017, (Statutory Instrument No. 18 of 2017).

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts,

Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Antigua and Barbuda is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Antigua and Barbuda that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Antigua and Barbuda requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Antigua and Barbuda's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	13
Financial Accounts reported in 2021	5 003

Table 2 sets out the number of exchange partners to which information was successfully sent by Antigua and Barbuda in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Antigua and Barbuda's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	36	35	30	33

In order to provide for the effective implementation of the AEOI Standard, in Antigua and Barbuda:

- the Inland Revenue Department (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Antigua and Barbuda's exchange partners, and has Memorandums of Understanding with other relevant authorities, including the supervisory authority for AML (Office of National Drug and Money Laundering Control Policy), the financial services regulatory authority and the registration authority for the domestic sector (Intellectual Property Office);
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online portal; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Antigua and Barbuda's legal frameworks implementing the AEOI Standard concluded with the determination that Antigua and Barbuda's domestic legal framework is In

Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Antigua and Barbuda's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Antigua and Barbuda are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Antigua and Barbuda's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2), the reporting requirements (SR 1.3) and the framework to enforce the requirements (SR 1.4). Most significantly, Financial Account is not defined in accordance with the requirements and there are no sanctions on Account Holders and Controlling Persons for the provision of false self-certifications.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Antigua and Barbuda has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Antigua and Barbuda has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Antigua and Barbuda's domestic legislative framework omits several key details of the definition of Financial Account, which is material to the proper functioning of the AEOI Standard.

Recommendations:

Antigua and Barbuda should amend its domestic legislative framework to define Financial Account in accordance with the AEOI Standard, rather than defining it by exclusion as is currently the case (i.e. an account that is not (a) a retirement or pension account; (b) a non-retirement tax favoured account; (c) a term life insurance contract; (d) an estate account; (e) a depository account due to not-returned over payments and (g) a low risk excluded account).

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Antigua and Barbuda has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary. While a deficiency has been identified with respect to the timing of the measurement of the balance of a Reportable Account, given the account is still required to be reported along with its balance, the deficiency is considered to be relatively minor and its impact not to be material.

Recommendations:

Antigua and Barbuda should amend its domestic legislative framework to specify that Reporting Financial Institutions should always report the balance or value of a Reportable Account as at the end of the calendar year.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Antigua and Barbuda has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, Antigua and Barbuda's legislative framework does not impose sanctions for the provision of false self-certifications by Account Holders and Controlling Persons. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Antigua and Barbuda should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for providing false self-certifications.

Antigua and Barbuda should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records of self-certifications for at least five years from the deadline to report the information, rather than five years from the date when an account is closed.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Antigua and Barbuda's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Antigua and Barbuda's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Antigua and Barbuda and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Antigua and Barbuda has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Antigua and Barbuda put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Antigua and Barbuda's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Antigua and Barbuda has conducted remedial action and submitted legislative amendments to the Automatic Exchange of Financial Account Information Act 2016 as amended and the Automatic Exchange of Financial Account Information Regulations 2017, in accordance with the stated recommendations. Accordingly, the said amendments will be subjected to the Parliamentary process of debate and passage in 2020.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Antigua and Barbuda are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Antigua and Barbuda's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Antigua and Barbuda is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Antigua and Barbuda should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Antigua and Barbuda implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Antigua and Barbuda is in the process of further developing its compliance strategy and risk assessment, and intends to keep them under review to ensure its effectiveness on an ongoing basis. However, Antigua and Barbuda has not carried out a risk assessment that took into account a range of relevant information sources. Furthermore, Antigua and Barbuda's planned activities to ensure that Reporting Financial Institutions correctly apply the requirements of the AEOI Standard where these requirements are only included in Antigua and Barbuda's non-binding guidance should be implemented and further built upon. There does not appear to be activity undertaken to ensure that the interaction between Antigua and Barbuda's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- Antigua and Barbuda maintains a list of Reporting Financial Institutions based on the internal database maintained by the Inland Revenue Department for the purposes of Corporation Tax. The information sources used could be expanded, particularly with respect to non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard. There are plans for the verification of the status of Financial Institutions based on an annual AEOI CRS Compliance Form. Antigua and Barbuda also intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Antigua and Barbuda's compliance strategy appears to have the necessary powers to discharge its functions. With respect to resourcing, Antigua and

Barbuda has not assigned dedicated full time staff to monitor and ensure compliance by Reporting Financial Institutions, although the functions are carried out by its Exchange of Information Unit, together with the Legal and IT teams. Overall, while there is a framework in place, it relies heavily on the planned analysis of the results of a compliance form, which will be used to identify risks. However, further operational activities to verify compliance with the requirements, incorporating appropriate compliance activities, are not yet defined.

- Antigua and Barbuda has not yet verified compliance with and enforced the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Antigua and Barbuda is not ready to take effective action to address circumvention of the requirements if such circumvention is detected. Furthermore, Antigua and Barbuda has not yet taken effective action to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- It is noted that Antigua and Barbuda does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Antigua and Barbuda has carried out some communication and outreach activities, such as issuing an AEOI CRS compliance form, a manual and a guide for Financial Institutions, creating a dedicated email address for CRS queries and updating the Competent Authority website with various relevant materials for Financial Institutions.
Verifying that Financial Institutions are reporting as required	Antigua and Barbuda has not yet carried out verification activities to ensure that Financial Institutions are reporting as required, but has plans to do so in the near future.
Verifying whether the information reported is complete and accurate	Antigua and Barbuda has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate, but has plans to do so in the near future, based on the results of the compliance form. No in-depth reviews or onsite visits have yet been conducted.
Enforcement	Following the activities mentioned above, Antigua and Barbuda has not yet imposed penalties and sanctions, but has plans to do so in the near future, whenever necessary. It is noted that the compliance form re-emphasizes the penalties that may be applied.

Antigua and Barbuda was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Antigua and Barbuda was also not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Antigua and Barbuda indicated that they achieved a success rate when matching the information received from Antigua and Barbuda with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Antigua and Barbuda is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More

specifically, fundamental issues have been identified, including with respect to planning compliance strategies to verify and enforce the obligations of Reporting Financial Institutions, and the ability to access and analyse the data to monitor such obligations and to identify risks. Antigua and Barbuda should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Antigua and Barbuda should further implement and build on its plans to actively monitor the interaction between its AML and AEOI frameworks to ensure that the collection and reporting of information under the AEOI Standard is in accordance with the requirements.

Antigua and Barbuda should further implement and build on its plans to monitor the application of the provisions contained only in non-binding guidance to ensure Reporting Financial Institutions apply them effectively in practice.

Antigua and Barbuda should expand the information sources it uses to identify its population of Reporting Financial Institutions and carry out activities to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Antigua and Barbuda should further implement and build on its compliance strategy to underpin its compliance activities, informed by a risk assessment that takes into account a range of relevant information sources.

Antigua and Barbuda should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Antigua and Barbuda should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including through verification checks and the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified.

Antigua and Barbuda should further implement and build on its procedure to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Antigua and Barbuda should further implement and build on its mechanisms to identify Reporting Financial Institutions that report undocumented accounts and put in place a clearly defined policy to follow up with them to ensure that the requirements are being complied with.

Antigua and Barbuda should implement systems to monitor the reporting of Tax Identification Numbers and dates of birth by Reporting Financial Institutions to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Antigua and Barbuda implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Antigua and Barbuda

has the necessary systems and procedures to process them as required. It also appears that Antigua and Barbuda will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Antigua and Barbuda is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Antigua and Barbuda is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

Antigua and Barbuda's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Antigua and Barbuda is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4) and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to Antigua and Barbuda correctly transmitting the information in a timely manner (SRs 2.5 – 2.8). Antigua and Barbuda should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Antigua and Barbuda's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Antigua and Barbuda and therefore with respect to Antigua and Barbuda's implementation of these requirements. More generally, one of Antigua and Barbuda's exchange partners reported rejecting more than 50% of the files received due to the technical requirements not being met. This is a low amount when compared to other jurisdictions.

Based on these findings it was concluded that, Antigua and Barbuda is fully meeting expectations in relation to sorting, preparing and validating the information. Antigua and Barbuda is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Antigua and Barbuda linked to the CTS.

Based on these findings it was concluded that Antigua and Barbuda is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Antigua and Barbuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Antigua and Barbuda's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Antigua and Barbuda and therefore with respect to Antigua and Barbuda's implementation of this requirement.

Based on these findings it was concluded that Antigua and Barbuda is fully meeting expectations in relation to exchanging the information in a timely manner. Antigua and Barbuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Antigua and Barbuda's exchange partners did not raise any concerns with respect to Antigua and Barbuda's use of the agreed transmission methods and therefore with Antigua and Barbuda's implementation of this requirement.

Based on these findings it was concluded that Antigua and Barbuda is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Antigua and Barbuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

23 exchange partners highlighted delays in the sending of status messages by Antigua and Barbuda, representing 27% of its partners. This represents a very high proportion of partners. Antigua and Barbuda has still not yet sent all of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that Antigua and Barbuda is not meeting expectations in relation to the receipt of the information. More specifically, fundamental issues have been identified, including with respect to sending status messages on receipt of files. Antigua and Barbuda should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Antigua and Barbuda should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Antigua and Barbuda appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Antigua and Barbuda's exchange partners and therefore with respect to Antigua and Barbuda's implementation of these requirements.

Based on these findings it was concluded that Antigua and Barbuda appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Antigua and Barbuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Argentina

This report analyses the implementation of the AEOI Standard in Argentina with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Argentina's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Argentina's international legal framework to exchange the information with all of Argentina's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, Argentina's legal framework has deficiencies related to the scope of Reporting Financial Institutions and the due diligence procedures to identify Reportable Accounts. Moreover, Argentina's domestic legal framework does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Argentina's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Argentina is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Argentina commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Argentina:

- relies on Section 7 of the Decree No. 618/1997;
- enacted the AFIP General Resolution No. 4.056/2017, that replaced the AFIP General Resolution 3.826/2015, and its amendments, including the AFIP General Resolution No. 4.422/2019 and the AFIP General Resolution 4.888/2020;
- introduced the FIU Resolutions 121, 229 and 230; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Argentina made various amendments to its legislative framework to address issues identified, the last of which was effective from 23 December 2020.

With respect to the exchange of information under the AEOI Standard, Argentina is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017.

Table 1 sets out the number of Financial Institutions in Argentina that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Argentina requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Argentina's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	146
Financial Accounts reported in 2021	26 734

Table 2 sets out the number of exchange partners to which information was successfully sent by Argentina in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Argentina's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	56	67	71	76

In order to provide for the effective implementation of the AEOI Standard, in Argentina:

- the Federal Administration of Public Revenue (AFIP) (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Argentina's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Reporting Financial Institutions to report information through two options: the sworn statement and payment submission system or the sworn statement filing – taxpayer profile system. Argentina validates the CRS information submitted by Financial Institutions by performing several systemic validations against the XML Schema; and

- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Argentina's legal frameworks implementing the AEOI Standard concluded with the determination that Argentina's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Argentina's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Argentina are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Argentina's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1), the due diligence procedures required to identify Reportable Accounts (SR 1.2) and the framework to enforce the requirements (SR 1.4). More specifically, Argentina's legal framework provides for a jurisdiction-specific Non-Reporting Financial Institution that does not meet the requirements, does not fully incorporate the due diligence procedures for the purposes of identifying if a Controlling Person of a Passive NFE is a Reportable Person and does not impose sanctions on Account Holders and Controlling Persons for the provision of false self-certifications.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Argentina has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Argentina provides for a jurisdiction-specific Non-Reporting Financial Institution that is not in accordance with the requirements. The definition of Reporting Financial Institution, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Argentina should amend its domestic legislative framework to remove the Marketable Securities Broker Agent from its jurisdiction-specific list of Non-Reporting Financial Institutions as it is a Non-Financial Entity and should therefore be treated as such under the AEOI Standard.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Argentina has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Argentina does not specify that Reporting Financial Institutions may only rely on a self-certification by the Account Holder or its Controlling Person for the purposes of determining whether the Controlling Person is a Reportable Person.

Recommendations:

Argentina should amend its domestic legislative framework to specify that, for New Entity Accounts, Reporting Financial Institutions may only rely on a self-certification provided by a Passive NFE Account Holder or its Controlling Person to determine whether the Controlling Person is a Reportable Person.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Argentina has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Argentina has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Argentina's legislative framework does not impose sanctions for the provision of false self-certifications by Account Holders and Controlling Persons. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Argentina should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Argentina's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Argentina's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Argentina and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Argentina has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Argentina put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Argentina exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Argentina are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Argentina's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Argentina is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Argentina should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Argentina implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Argentina implemented a strategy to ensure compliance with the AEOI Standard. Argentina has performed communication activities, such as publishing information and answers to Frequently Asked Questions that are relevant to Financial Institutions. The AFIP has also held meetings with various industry associations to discuss different aspects of the implementation of the AEOI Standard.
- Argentina bases its compliance strategy on a risk assessment that focuses on the information reported by Reporting Financial Institutions, utilising the system it developed to automatically validate the information reported, information received from partner jurisdictions, and information obtained from industry associations.
- Argentina has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, developing a framework for the AFIP to obtain lists of Financial Institutions from the regulatory authorities (the Central Bank (BCRA), the National Securities Commission (CNV) and the Superintendence of Insurance of the Nation (SSN)) on a yearly basis. The AFIP also cross-checks the Foreign Financial Institution list for FATCA purposes and a list of trusts it has available. After the matching exercises, Argentina identified Financial Institutions that should have been classified as Reporting Financial Institutions and it is taking the corresponding actions. Argentina is therefore taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required.

Argentina intends to keep its understanding of its Financial Institution population up to date on a routine basis.

- Argentina has developed an internal General Instruction to establish the procedures to carry out auditing activities related to the AEOI Standard and has amended its domestic legal framework to require Reporting Financial Institutions to document their internal controls to comply with the due diligence and reporting obligations under the AEOI Standard. These documents should be made available to the AFIP upon request. So far, Argentina has accessed the policies and procedures of several Reporting Financial Institutions, based on which it will access the underlying account records to verify compliance. It has already accessed the underlying records of one Reporting Financial Institution and plans to access others in the near future.
- In terms of resourcing, the AFIP has assigned resources to perform the communicational activities, the validation of the information received from the Reporting Financial Institutions and the exchanges. Three full time staff have been assigned and trained to request policies and procedures from the Reporting Financial Institutions and analyse them to inform the compliance strategy. Furthermore, two full time staff have been assigned to carry out the onsite audits performed by the AFIP, as well as the audits that will be carried out jointly with the Financial Intelligence Unit, which also consider relevant elements of the AEOI Standard.
- Argentina plans to ensure that self-certifications are obtained as required, although the details of the specific activities that will be conducted are unclear. Furthermore, although Argentina plans to identify the undocumented accounts reported by Reporting Financial Institutions, the details of the follow-up activities are not yet fully defined.
- Argentina has a plan to ensure that the interaction between Argentina's CRS and AML frameworks always results in the identification of Controlling Persons in accordance with the AEOI Standard, as it will be reviewed as part of the audits that will be carried out.
- Argentina appears to have developed procedures to enforce the requirements, including the application of penalties and sanctions for non-compliance when it is identified. Argentina has also drafted amendments to its domestic legal framework to incorporate sanctions specific to non-compliance with the requirements of the AEOI Standard, which are in the process of approval. Argentina has initiated the administrative process to impose penalties to some Reporting Financial Institutions that have not provided the policies and procedures requested by the AFIP.
- Argentina does not seem to have a plan to take action to address circumvention of the requirements when such circumvention is detected.
- Argentina plans to keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Argentina has carried out substantial communication and outreach activities, such as the publication of the answers to Frequently Asked Questions and relevant information to assist Financial Institutions on the AFIP website, as well as holding several meetings with various industry associations to discuss different aspects of the implementation of the AEOI Standard.
Verifying that Financial Institutions are reporting as required	Argentina has carried out verification activities to ensure that Financial Institutions are reporting as required, such as comparing its identified population of Reporting Financial Institutions with lists of regulated

Activity type	Activities undertaken
	entities from the regulatory authorities, as well as with the Foreign Financial Institutions list for FATCA purposes. It has identified some Financial Institutions that have not complied with their reporting obligations and is notifying them of such failures. Some of them have already reported the information previously not reported, and some others are being contacted to ensure reporting where required.
Verifying whether the information reported is complete and accurate	Argentina has conducted some desk-based reviews of the written policies and procedures prepared by Financial Institutions. Based on the outcomes of such reviews, it has identified one case that has been subject to an onsite visit to verify the underlying account records and is planning to carry out more onsite visits in the near future.
Enforcement	Argentina has not yet imposed penalties and sanctions, although it has started the administrative process to apply sanctions to Reporting Financial Institutions that have not submitted the policies and procedures requested by the AFIP.

With respect to the Financial Account information collected and sent by Argentina, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions.

Information provided by Argentina showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. The number of undocumented accounts has reduced over time. Follow-up discussions confirmed that Argentina is aware of this issue.

One exchange partner noted that a number of financial accounts that were reported in previous exchange cycles were not reported by Argentina in the 2021 exchange cycle. Follow-up discussions confirmed that Argentina is aware of the issue and seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Argentina indicated that they achieved a success rate when matching the information received from Argentina with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Argentina is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to the extent of the compliance activities carried out to date and the lack of detailed plans to review some key elements as part of the compliance strategy. Argentina should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Argentina should actively monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including ensuring that self-certifications contain all required information.

Argentina should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Argentina should put in place and implement a clearly defined policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure the requirements are being complied with.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Argentina implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Argentina has the necessary systems and procedures to process them as required. Argentina appears to have an understanding that exchange partners should be notified effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Argentina is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Argentina is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Argentina's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), most of the requirements in relation to correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). However, some issues were found with respect to the sending of status messages (SR 2.8). Argentina is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Argentina's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Argentina and therefore with respect to Argentina's implementation of these requirements. More generally, two (or 3%) of Argentina's exchange partners reported rejecting 50% or more of the files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Argentina has already successfully addressed all of the issues.

Based on these findings it was concluded that Argentina is fully meeting expectations in relation to sorting, preparing and validating the information. Argentina is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Argentina linked to the CTS.

Based on these findings it was concluded that Argentina is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Argentina is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Argentina's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Argentina and therefore with respect to Argentina's implementation of this requirement.

Based on these findings it was concluded that Argentina is fully meeting expectations in relation to exchanging the information in a timely manner. Argentina is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Argentina's exchange partners did not raise any concerns with respect to Argentina's use of the agreed transmission methods and therefore with Argentina's implementation of this requirement.

Based on these findings it was concluded that Argentina is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Argentina is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Five exchange partners highlighted delays in the sending of status messages by Argentina, representing 5% of its partners. This represents a relatively high proportion of partners and has not improved over time. For the 2021 exchanges, Argentina noted that it experienced issues with the implementation of a system to perform automatic matching that had impacted the sending of status messages. The implementation of this system has been concluded and the issues with sending status messages have been solved. Argentina

has also successfully addressed most of the issues raised by peers, including issues related to previous exchange cycles, and is working to resolve the remaining issues.

Based on these findings it was concluded that, overall, Argentina is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the sending of status messages in a timely manner. Argentina is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Argentina should continue to engage with its exchange partners to address the issues raised.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Argentina appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Argentina's exchange partners and therefore with respect to Argentina's implementation of these requirements.

Based on these findings it was concluded that Argentina appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Argentina is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Argentina is fully aware of the importance of sending information of quality to all its partners in the automatic exchange of financial account information of non-residents. In line with this, we are implementing innumerable actions to achieve a high-quality level of information, such as specific regulations to ensure effective compliance, regular meetings with associations and entities subject to reporting, systemic improvements, desk-based and onsite audits, among others.

We have also concluded cooperation agreements with the Financial Information Unit and the Superintendence of Insurance of the Nation, which are currently in force.

In addition to the aforementioned, it is important to highlight the fact that we have already launched the onsite audits foreseen in the Annual Auditing Plan, which will grant us access to all the records held by Financial Institutions.

Argentina is fully committed to the AEOI and will continue fostering and implementing all the necessary actions to comply with the requirements of the Standard and provide high-quality information to all partners.

Aruba

This report analyses the implementation of the AEOI Standard in Aruba with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Aruba's legal framework implementing the AEOI Standard is not in place in accordance with the requirements of the AEOI Terms of Reference. While Aruba's international legal framework to exchange the information with all of Aruba's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has significant deficiencies in areas that are fundamental to the proper functioning of the AEOI Standard. Most significantly, Aruba's legislative framework does not set out some of the key due diligence timelines, does not properly identify all of the relevant Financial Institutions and lacks sanctions under its enforcement framework.

Overall determination on the legal framework: Not In Place

Effectiveness of AEOI in practice

Aruba's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Aruba is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Aruba commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Aruba:

- enacted Ordinance No. 74 of 2017;
- introduced State Decree No. 76 of 2017;
- issued further guidance, which is not legally binding; and
- relies on its legal framework implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, the

non-binding guidance states that the review of High Value Individual Accounts should be completed in time for the 2018 reporting deadline and by 31 December 2018 in the cases of Lower Value Individual Accounts and Entity Accounts.

With respect to the exchange of information under the AEOI Standard, Aruba has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Aruba that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). In this regard, it should be noted that Aruba requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Aruba's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	12
Financial Accounts reported in 2021	3 582

Table 2 sets out the number of exchange partners to which information was successfully sent by Aruba in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Aruba's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	50	58	66	64

In order to provide for the effective implementation of the AEOI Standard, in Aruba:

- the Tax Authority has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Aruba's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the Tax Authority, which ensure the validation of the data reported by Financial Institutions before it is exchanged with Aruba's exchange partners; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Aruba's legal frameworks implementing the AEOI Standard concluded with the determination that Aruba's domestic legal framework is Not In Place and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Aruba's implementation of the AEOI Standard in practice and where particular identified gaps in Aruba's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Aruba are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Aruba's domestic legislative framework is not in place as required as it does not contain several key aspects of the CRS and its Commentary. Significant deficiencies have been identified in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1), the scope of Financial Accounts required to be reported and the due diligence procedures to be applied (SR 1.2) and the framework to enforce the requirements (SR 1.4). Most significantly, the due diligence provisions in Aruba's legislative framework do not include some key dates determining the application of the due diligence obligations, the procedures and evidence that may be relied upon for the determination of the status of Financial Institutions depart from those set out in the AEOI Standard and there are no sanctions in the enforcement framework.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Aruba has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the AEOI Standard and its Commentary. However, deficiencies have been identified. More specifically, Aruba's legislative framework:

- classifies certain entities as Non-Reporting Financial Institutions that are not in accordance with the requirements set out in the AEOI Standard; and
- does not specify the date as of when Qualified Credit Card Issuers that are treated as Non-Reporting Financial Institutions are required to implement policies requiring the returning of overpayments made.

The scope of Reporting Financial Institutions, including the specification of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Aruba should amend its domestic legislative framework to remove the classification of: (i) entities with shareholders, participants or controlling persons from one single family or a very limited group; and (ii) Trust Office Foundation (or STAK) as Non-Financial Entities without regard to the requirements to be classified as such.

Aruba should amend its domestic legislative framework to require Qualified Credit Card Issuers to implement policies with respect to the returning of overpayments from a specified date in order to be treated as Non-Reporting Financial Institutions.

Aruba should amend its domestic legislative framework to remove two entries from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements with respect to legally defined thresholds on contributions and limited options of withdrawal. The entries are: (i) Cooperative Savings and Credit Associations; and (ii) Customs and Savings and Credit Associations.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Aruba has not defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and has not incorporated the due diligence procedures that must be applied to identify them in a manner that is consistent with the AEOI Standard and its Commentary as significant deficiencies have been identified. More specifically, Aruba's legislative framework:

- does not specify the date as of when the Qualified Credit Card Issuers need to implement policies for the returning of overpayments, which is required for Depository Accounts due to not-returned overpayments to be treated as Excluded Accounts;
- does not follow the conditions set out in the AEOI Standard for when Reporting Financial Institutions can use existing classifications as Documentary Evidence with respect to Preexisting Entity Accounts;
- does not specify the date on which a Preexisting Entity Account is first to be identified; and
- does not specify the dates by when the due diligence procedures on High and Lower Value Preexisting Individual Accounts as well as Preexisting Entity Accounts are to be completed; the non-binding guidance indicates that these procedures should be completed in time for 2018 reporting deadline in the case of High Value Individual Accounts and by 31 December 2018 in the cases of Lower Value Individual Accounts and Entity Accounts.

The scope of Financial Accounts and the due diligence procedures to identify them are material to the proper functioning of the AEOI Standard.

Recommendations:

Aruba should amend its domestic legislative framework to require Qualified Credit Card Issuers to implement policies with respect to the returning of overpayments from a specified date in order for Depository Accounts due to not-returned overpayments to be treated as Excluded Accounts.

Aruba should amend its domestic legislative framework to require Reporting Financial Institutions to only use Documentary Evidence in relation to the due diligence procedures for Preexisting Entity Accounts in accordance with the conditions in the AEOI Standard.

Aruba should amend its domestic legislative framework to specify the date on which a Preexisting Entity Account is first to be identified using the USD 250 000 balance or value threshold.

Aruba should amend its legislative framework to specify the completion dates for the reviews of: (i) Preexisting High Value Individual Accounts; (ii) Preexisting Lower Value Individual Accounts; and (iii) Preexisting Entity Accounts.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Aruba has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary. While a deficiency has been identified with respect to the reporting of the currency denomination, it is considered to be relatively minor as the CRS XML Schema will compel the reporting of a currency type.

Recommendations:

Aruba should amend its domestic legislative framework to require Reporting Financial Institutions to identify the currency in which each account is denominated.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Aruba does not have a legislative framework in place to enforce the requirements in a manner that is consistent with the CRS and its Commentary as significant deficiencies have been identified. More specifically, Aruba's legislative framework:

- does not include rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures as required;
- does not contain provisions imposing sanctions on Account Holders and Controlling Persons for the provision of a false self-certification;
- does not impose sanctions on Reporting Financial Institutions for failing to apply the due diligence procedures (they are restricted to failing to report the relevant information); and
- allows self-certifications to be obtained after the opening of the account in circumstances beyond those that are permitted.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Aruba should amend its domestic legislative framework to include rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures.

Aruba should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Aruba should amend its domestic legislative framework to include sanctions for failure to comply with the due diligence and reporting procedures in accordance with the AEOI Standard.

Aruba should amend its domestic legislative framework to limit the circumstances when it is permissible to obtain a valid self-certification after the opening of a New Account in accordance with the requirements.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Aruba's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Aruba's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Aruba and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Aruba has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Aruba put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Aruba's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Aruba are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Aruba's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Aruba is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence

procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Aruba implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Aruba commenced implementing a strategy aimed at ensuring compliance with the AEOI Standard and pursued communication activities to promote compliance, such as publishing manuals and presentations, and organising meetings with stakeholders. While Aruba worked to identify its population of Financial Institutions, it does not appear to have a formalised plan or have undertaken activities, informed by the risk assessment, to verify that Reporting Financial Institutions are correctly applying the requirements of the AEOI Standard. This includes a lack of a plan to verify compliance as well as an enforcement strategy. Furthermore, the risk assessment does not seem to take into account a range of relevant information sources.
- Aruba has worked effectively to identify its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, the register of the Chamber of Commerce and Industry and the information from the database of the Tax Authority. Aruba also appears to be ready to take action to ensure the Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required, but has not yet started such activities.
- Aruba has already commenced five onsite compliance activities with respect to Reporting Financial Institutions that did not report information. However, Aruba did not demonstrate how it verifies compliance by Reporting Financial Institutions and effectively addresses non-compliance, as no such actions have yet taken place. This also applies to Aruba following up on undocumented accounts and ensuring that valid self-certifications are obtained where required. It is also noted that Aruba's legal framework permits the collection of self-certifications after the opening of an account beyond the circumstances permitted by the AEOI Standard.

- It appears that Aruba is able to enforce some of the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. However, the application of penalties will be constrained due to Aruba's lack of a legal basis to impose sanctions for failure to comply with the due diligence procedures (they are restricted to failure to report information).
- It appears that Aruba is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Aruba has also been unable to demonstrate how it prevents Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures as required. This reflects its lack of a legal basis to do so.
- Aruba has two categories of Non-Reporting Financial Institution that have been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Aruba has carried out some communication and outreach activities, such as publishing manuals and presentations, and organising meetings with stakeholders.
Verifying that Financial Institutions are reporting as required	Aruba has carried out activities to identify its Financial Institution population, such as reviewing registers from the Chamber of Commerce and Industry, the Foreign Financial Institution list for FATCA purposes and the information from the database of the Tax Authority. It has not yet commenced activities to ensure that all Reporting Financial Institutions are reporting as required.
Verifying whether the information reported is complete and accurate	Aruba has already commenced five onsite compliance activities with respect to Reporting Financial Institutions that did not report information. However, Aruba did not demonstrate how it verifies compliance by Reporting Financial Institutions and effectively addresses non-compliance, as no such actions have yet taken place. Aruba has conducted two onsite visits and plans to continue doing so in the future.
Enforcement	Following the activities mentioned above, Aruba has not yet imposed penalties and sanctions. Aruba is currently implementing a plan to address this.

Aruba was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Aruba was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Furthermore, five exchange partners highlighted issues with respect to the information received, such as missing or invalid Tax Identification Numbers, missing dates of birth and incomplete names. Follow-up discussions confirmed that Aruba is aware of these issues is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Aruba indicated that they achieved a success rate when matching the information received from Aruba with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Aruba is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to Aruba's compliance and enforcement strategy, the risk assessment, the framework for the institution to fulfil its responsibilities for ensuring the effectiveness of the AEOI Standard's implementation and the activities to verify that the information reported is complete and accurate, including with respect to self-certifications, Tax Identification Numbers, dates of birth and undocumented accounts. Aruba should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Aruba should develop and implement an effective and documented overarching compliance plan, informed by a risk assessment, to underpin its compliance activities.

Aruba should expand the scope of its risk assessment process to cover all relevant risks to the effectiveness of its implementation of the AEOI Standard.

Aruba should put in place and systematically implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions and take enforcement activities where non-compliance is identified. Reference is made to the recommendation made when assessing Aruba's legal frameworks implementing the AEOI Standard in relation to the sanctioning of a failure to carry out the due diligence rules.

Aruba should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Aruba should keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Aruba should implement its procedure to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account. Reference is made to the recommendation made when assessing Aruba's legal frameworks implementing the AEOI Standard in relation to the circumstances in which self-certifications can be obtained after the opening of an account.

Aruba should put in place procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported.

Aruba should put in place a policy that provides that where circumvention is identified, action is taken to address it. Reference is made to the recommendation made when assessing Aruba's legal frameworks implementing the AEOI Standard in relation to preventing circumvention.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Aruba exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Aruba implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, it appears that Aruba has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Aruba is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Aruba is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Aruba's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Aruba exchanges information non-reciprocally, so does not receive information. Aruba is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Aruba's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Aruba and therefore with respect to Aruba's implementation of these requirements. Two (or 3%) of Aruba's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met, although they did not reject over 50% of files. This is a relatively low amount when compared to other jurisdictions. It was noted that Aruba has already successfully addressed some of the issues.

Based on these findings it was concluded that, overall, Aruba is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to file rejection. Aruba is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Aruba should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Aruba linked to the CTS.

Based on these findings it was concluded that Aruba is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Aruba is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Aruba's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Aruba and therefore with respect to Aruba's implementation of this requirement.

Based on these findings it was concluded that Aruba is fully meeting expectations in relation to exchanging the information in a timely manner. Aruba is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Aruba's exchange partners did not raise any concerns with respect to Aruba's use of the agreed transmission methods and therefore with Aruba's implementation of this requirement.

Based on these findings it was concluded that Aruba is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Aruba is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Aruba exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Aruba appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Aruba's exchange partners and therefore with respect to Aruba's implementation of these requirements.

Based on these findings it was concluded that Aruba appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Aruba is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Through a territorial extension by the Netherlands.

Australia

This report analyses the implementation of the AEOI Standard in Australia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Australia's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Australia's international legal framework to exchange the information with all of Australia's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has a deficiency significant to the proper functioning of an element of the AEOI Standard. More specifically, Australia's legal framework includes a category of jurisdiction-specific Excluded Account that is not in accordance with the AEOI Standard.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Australia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Australia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Australia commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Australia:

- enacted the Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2015 (TLA(ICRS) 2015); and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 July 2018 and on Lower Value Individual Accounts and Entity Accounts by 31 July 2019 and 31 July 2018 respectively.

Following the initial Global Forum peer review, Australia made various amendments to its legislative framework to address issues identified, the last of which was effective from 18 December 2020.

With respect to the exchange of information under the AEOI Standard, Australia:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place a bilateral agreement.¹

Table 1 sets out the number of Financial Institutions in Australia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Australia requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Australia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	3 076
Financial Accounts reported in 2021	6 966 261

Table 2 sets out the number of exchange partners to which information was successfully sent by Australia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Australia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	64	70	72

In order to provide for the effective implementation of the AEOI Standard, in Australia:

- the Australian Taxation Office (the ATO, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Australia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the ATO's CRS reporting portal which allows submissions in CRS XML Schema format and Excel spreadsheets via a Small Reporter Tool. This information is then subject to a two-step validation process to ensure it is consistent with the XML Schema requirements; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Australia's legal frameworks implementing the AEOI Standard concluded with the determination that Australia's domestic legal framework is In Place But Needs

Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Australia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Australia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Australia's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2). More specifically, Australia's legislative framework provides for a category of jurisdiction-specific Excluded Account that does not meet all the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Australia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Australia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Australia provides for a jurisdiction-specific Excluded Account that is not in accordance with the requirements, as it does not provide for effective penalties for withdrawals that do not meet the criteria of the account. The definition of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

Australia should amend its domestic legislative framework to remove the Scholarship Plans from its jurisdiction-specific list of Excluded Accounts, as they do not meet the requirements in the AEOI Standard, such as by not having penalties for withdrawals from the accounts for non-educational purposes.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Australia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Australia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Australia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Australia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Australia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Australia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Australia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Australia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Australia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Australia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Australia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Australia implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Australia implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the information reported by Financial Institutions, the compliance findings of the AML regulator and investment income declarations by investment companies. Australia's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Australia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Australia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as information from its AML supervisory authorities, the Foreign Financial Institution list for FATCA purposes and information obtained under its domestic Annual Investment Income reporting requirements. It is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Australia intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Australia's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Australia has assigned the equivalent of five full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments, such as the ATO's Action Differentiation Framework and its CRS risk filter. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements. While in some cases, the ATO has analysed the results of any independent review of records commissioned by Financial Institutions (as encouraged by the ATO), the ATO has not yet commenced the direct verification of records.
- It appears that Australia effectively enforces the requirements, including by carrying out compliance checks on Reporting Financial Institutions and through the application of dissuasive penalties and sanctions for non-compliance. It also appears that Australia is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Australia will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.
- Australia has one category of Excluded Accounts, which has been recommended to be removed from its jurisdiction-specific list of Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Australia has carried out substantial communication and outreach activities, such as targeting sector specific letters to raise awareness of Reporting Financial Institutions' obligations, providing detailed guidance and holding a number of forums and events with stakeholders.
Verifying that Financial Institutions are reporting as required	Australia has carried out substantial verification activities to identify whether all Reporting Financial Institutions are reporting as required, such as by cross-checking lists of regulated Financial Institutions and reviewing the Foreign Financial Institution list for FATCA purposes, and identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Australia has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Australia has conducted some in-depth audits but has not yet conducted onsite visits or commenced the direct verification of records. It accordingly identified some issues, commonly concerning failures to obtain self-certifications when required and failures to report some account information even where this is held by the Financial Institution. It has followed up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Australia has not yet imposed penalties and sanctions, but has plans to do so in the near future. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Australia, while the presence of the key data point of dates of birth and the level of undocumented accounts appeared to be in line with most other jurisdictions, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information.

More generally, the majority of the exchange partners that received a significant number of records from Australia indicated that they achieved a success rate when matching the information received from Australia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Australia is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to commencing reviews of records as part of an in-depth audit. Australia is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Australia should implement its plans to include a review of records as part of its activities to verify and ensure that Reporting Financial Institutions are correctly conducting their due diligence and reporting obligations.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Australia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Australia has the necessary systems and procedures to process them as required. Australia also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Australia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Australia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Australia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Australia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Australia's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Australia and therefore with respect to Australia's implementation of these requirements. More generally, none of Australia's exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions.

Based on these findings it was concluded that Australia is fully meeting expectations in relation to sorting, preparing and validating the information. Australia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Australia linked to the CTS.

Based on these findings it was concluded that Australia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Australia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Australia. It was noted that Australia successfully addressed the issue and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Australia is fully meeting expectations in relation exchanging information in a timely manner. Australia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Australia's exchange partners did not raise any concerns with respect to Australia's use of the agreed transmission methods and therefore with Australia's implementation of this requirement.

Based on these findings it was concluded that Australia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Australia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Australia's exchange partners did not raise any concerns with respect to Australia's receipt of the information and therefore with Australia's implementation of these requirements.

Based on these findings it was concluded that Australia is fully meeting expectations in relation to the receipt of the information. Australia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Australia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Australia's exchange partners and therefore with respect to Australia's implementation of these requirements.

Based on these findings it was concluded that Australia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Australia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Singapore. Australia has also activated a relationship under the CRS MCAA with Singapore.

Austria

This report analyses the implementation of the AEOI Standard in Austria with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Austria's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Austria's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Austria's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Austria's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Austria is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Austria commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Austria:

- enacted the Common Reporting Standard Act (Federal Law Gazette I Nr 115/2015);
- issued further guidance, which is legally binding; and
- made reference to the Beneficial Owners Register Act for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 October 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Austria made various amendments to its legislative framework to address issues identified, the last of which was effective from 24 April 2020.

With respect to the exchange of information under the AEOI Standard, Austria:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Austria that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Austria requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Austria's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	505
Financial Accounts reported in 2021	1 297 139

Table 2 sets out the number of exchange partners to which information was successfully sent by Austria in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Austria's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	46	61	68	71

In order to provide for the effective implementation of the AEOI Standard, in Austria:

- the Tax Office for Large Companies (part of the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Austria's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by way of an official portal (FinanzOnline) of the Austrian Federal Ministry of Finance. Reporting Financial Institutions can transmit the CRS files via a web service or they can use a file upload system in this portal; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Austria's legal frameworks implementing the AEOI Standard concluded with the determination that Austria's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Austria's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Austria are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Austria's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Austria has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Austria has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Austria has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Austria has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Austria's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Austria's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Austria and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Austria has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Austria put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Austria's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Austria are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Austria's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Austria is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that all Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Austria implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Austria implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the information reported by Financial Institutions, information from the financial market regulator and information obtained from its circumvention identification and reporting tools. Austria's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Austria intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Austria has worked effectively to understand its population of regulated Financial Institutions, utilising various relevant information sources, such as reviewing lists of entities regulated to provide financial services. Austria is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Austria has also undertaken an analysis of its list of Foreign Financial Institutions for FATCA purposes to understand its population of relevant non-regulated entities. However, Austria has not yet taken action in this respect of this analysis and it does not yet have a formalised policy in place to identify all non-regulated Reporting Financial Institutions.
- The institution responsible for implementing Austria's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Austria has assigned the equivalent of 12 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments, including data comparison tools and audit software to generate a CRS risk report. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Austria effectively enforces the requirements, including through desk-based audits and onsite audits where the records of Reporting Financial Institutions have been inspected. Austria has not yet applied its penalties and sanctions for non-compliance. It also appears that Austria is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Austria will keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Austria has carried out some communication and outreach activities, such as maintaining a forum in cooperation with the chamber of commerce, holding frequent round-tables with the representatives of the financial sectors, and publishing detailed non-binding guidance on complying with due diligence and reporting requirements as well as detailed technical guidance.
Verifying that Financial Institutions are reporting as required	Austria has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as ensuring Financial Institutions subject to financial supervision have reported, and identified one Financial Institution incorrectly not reporting. It is following up on this issue with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Austria has conducted several desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Austria has conducted a significant number of in-depth and onsite audits. It accordingly identified some issues, commonly concerning accounts

Activity type	Activities undertaken
Enforcement	that were incorrectly reported, or incorrectly not reported. It is following up on these issues with a view to ensuring future compliance. Following the activities mentioned above, Austria has not yet imposed penalties and sanctions but has plans to do so in the near future. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Austria, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

More generally, the majority of the exchange partners that received a significant number of records from Austria indicated that they achieved a success rate when matching the information received from Austria with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Austria is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the absence of formalised processes in relation to identifying non-regulated Reporting Financial Institutions. Austria is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Austria should ensure that it has a formalised process to ensure that Austria identifies all Reporting Financial Institutions, with a particular focus on those that are not regulated Financial Institutions.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Austria implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Austria received a notification from one partner and successfully processed it in a timely manner, resolving the issues raised. Austria also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Austria is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Austria's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Austria is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Austria's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Austria and therefore with respect to Austria's implementation of these requirements. More generally, three (or 4%) of Austria's exchange partners reported rejecting more than 25% of the files received, of which none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to sorting, preparing and validating the information. Austria is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Austria linked to the CTS and the CEN, which is used for exchanges within the EU.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Austria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Austria's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Austria and therefore with respect to Austria's implementation of this requirement.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to exchanging the information in a timely manner. Austria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Austria's exchange partners did not raise any concerns with respect to Austria's use of the agreed transmission methods and therefore with Austria's implementation of this requirement.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Austria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Austria's exchange partners did not raise any concerns with respect to Austria's receipt of the information and therefore with Austria's implementation of these requirements.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to the receipt of the information. Austria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Austria has responded to a notification and provided corrected, amended or additional information in a timely manner and no such concerns were raised by Austria's exchange partners and therefore with respect to Austria's implementation of these requirements.

Based on these findings it was concluded that Austria is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Austria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Austria thanks the Assessment Team for drafting this excellent report, which we consider as a fair and just assessment of Austria. We highly appreciate that the report reflects Austria's implementation of the CRS standard. We fully accept the rating proposals as well as the recommendation concerning Core Requirement (CR) 1. Austria will address the recommendation appropriately and will continue its efforts to ensure effective implementation of the CRS and to remain a reliable partner in administrative cooperation.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Azerbaijan

This report analyses the implementation of the AEOI Standard in Azerbaijan with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Azerbaijan's legal framework implementing the AEOI Standard is in place but needs improvement in order to be consistent with the requirements of the AEOI Terms of Reference. While Azerbaijan's international legal framework to exchange the information with all of Azerbaijan's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of the AEOI Standard. More specifically, Azerbaijan does not fully incorporate some of the due diligence procedures and there is a deficiency relating to the enforcement framework.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Azerbaijan's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Azerbaijan is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: **On Track**

General context

Azerbaijan commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Azerbaijan:

- enacted Limits and Regulations for provision of information on financial transactions carried out by legal entities and individuals of foreign states in the territory of Azerbaijan to the competent authorities of those countries approved by the Cabinet of Ministers in the decision No. 211 as amended on 22 June 2018 and 15 September 2021; and
- made reference to the Law of the Republic of Azerbaijan on the Prevention of the Legalisation of Criminally Obtained Funds or Other Property and the Financing of Terrorism (AML law), for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. Reporting Financial Institutions were required to complete the due diligence procedures on all Preexisting Accounts by 30 June 2018.

With respect to the exchange of information under the AEOI Standard, Azerbaijan is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Azerbaijan that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Azerbaijan requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Azerbaijan's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	36
Financial Accounts reported in 2021	124 719

Table 2 sets out the number of exchange partners to which information was successfully sent by Azerbaijan in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Azerbaijan's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	33	53	52	70

In order to provide for the effective implementation of the AEOI Standard in Azerbaijan:

- the State Tax Service (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Azerbaijan's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online portal; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Azerbaijan's legal frameworks implementing the AEOI Standard concluded with the determination that Azerbaijan's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Azerbaijan's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Azerbaijan are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Azerbaijan's domestic legislative framework is in place and contains many of the key aspects of the CRS and the Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the due diligence procedures to be applied (SR 1.2) and the framework to enforce the requirements (SR 1.4). Most significantly, Azerbaijan's legislative framework sets a threshold for the identification of Controlling Persons that differs from the one defined in its legal framework implementing the Financial Action Task Force (FATF) Recommendations.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Azerbaijan has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Azerbaijan has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Azerbaijan's legislative framework sets a threshold for the identification of Controlling Persons that differs from the one defined in its AML law.

This element of the due diligence procedures is material to the proper functioning of the AEOI Standard.

Recommendations:

Azerbaijan should amend its domestic legislative framework to ensure that the approach to determine Controlling Persons under the AEOI Standard is aligned to its approach to determine beneficial owners under its domestic AML/KYC Procedures.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Azerbaijan has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Azerbaijan has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Azerbaijan's legislative framework does not contain provisions imposing sanctions on Account Holders and Controlling Persons for the provision of a false self-certification. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Azerbaijan should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Azerbaijan's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Azerbaijan's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Azerbaijan and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Azerbaijan has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Azerbaijan put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Azerbaijan's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Azerbaijan are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Azerbaijan's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Azerbaijan is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Azerbaijan implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Azerbaijan implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as its tax register and internal database, information received from Financial Institutions and industry associations, information from third parties and service providers, information received from exchange partners and any other reliable information sources. Azerbaijan's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Azerbaijan intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Azerbaijan has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as its internal tax database, information from the Central Bank, the Banking Association and the Foreign Financial Institution list for FATCA purposes. Azerbaijan is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Azerbaijan intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Azerbaijan's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Azerbaijan has assigned the equivalent of eight full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Azerbaijan effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. During desk-based reviews and onsite audits Azerbaijan has taken an effective action to ensure self-certifications are obtained as required. It also appears that Azerbaijan is ready to take effective action to address circumvention of the requirements if such circumvention is detected and to follow up on undocumented accounts.
- It is noted that Azerbaijan does not have a jurisdiction-specific list of Non-Reporting Financial Institutions and Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Azerbaijan has carried out substantial communication and outreach activities, such as organising a number of meetings with all relevant sectors, as well as trainings and seminars for all stakeholders, launching a separate portal (web site) for Financial Institutions with all appropriate legislative acts, guidance and relevant materials and developing a single online portal for AEOI returns.
Verifying that Financial Institutions are reporting as required	Azerbaijan has carried out some verification activities to ensure that Financial Institutions are reporting as required and identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Azerbaijan has conducted a significant number of desk-based checks and onsite visits to verify whether the information being reported is complete and accurate. It accordingly identified some issues, commonly concerning the collection of self-certifications, inaccuracies in the reported information and other non-compliance requirements with the AEOI standard by Financial Institutions. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Azerbaijan has imposed some penalties for failures to report Reportable Accounts. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Azerbaijan, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions.

Feedback was also received from Azerbaijan's exchange partners indicating that, compared to what they generally experience in relation to information received from all of their other exchange partners, they achieved a relatively lower level of success when seeking to match information received from Azerbaijan with their taxpayer database. Furthermore, eight exchange partners highlighted issues with respect to the information received, such as missing addresses and dates of birth and invalid Tax Identification Numbers. Follow-up discussions confirmed that Azerbaijan is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Azerbaijan is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to addressing the issues raised by Azerbaijan's exchange partners. Azerbaijan is encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Azerbaijan should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Azerbaijan implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Azerbaijan has the necessary systems and procedures to process them as required. It also appears that Azerbaijan will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Azerbaijan is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Azerbaijan is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

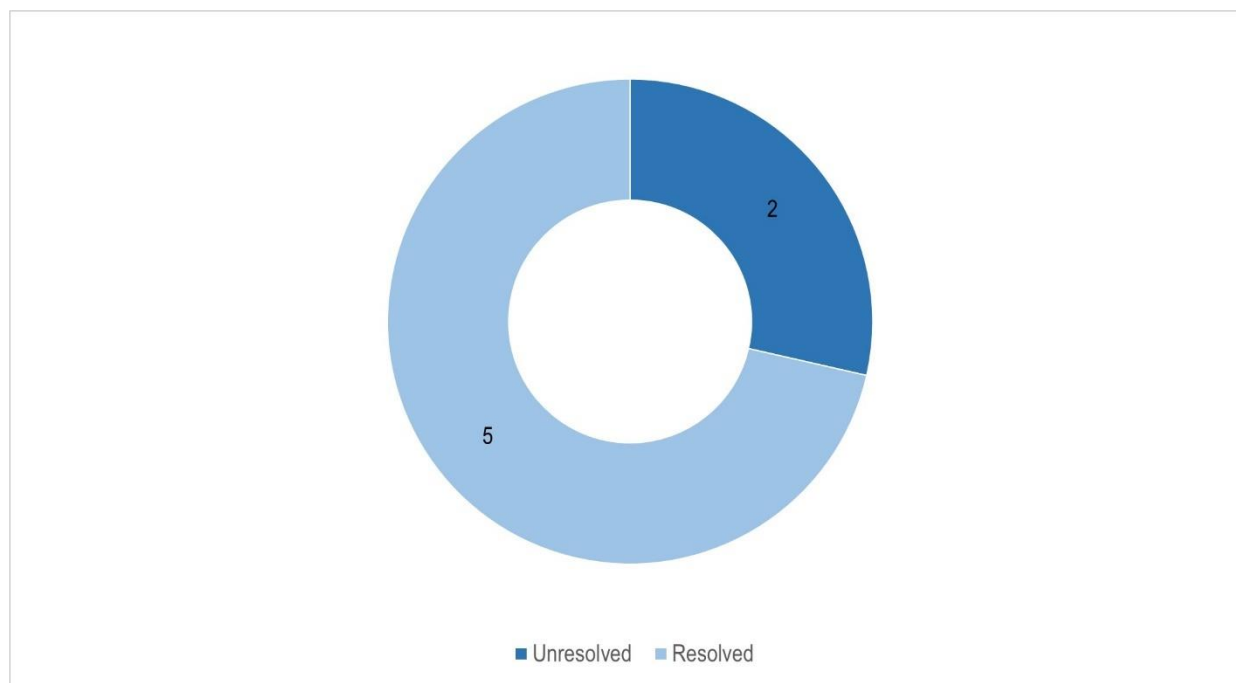
Azerbaijan's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Azerbaijan has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Seven exchange partners highlighted particular issues with respect to preparation and format of the information sent by Azerbaijan (representing 10% of its partners). These generally related to a duplicated file reference number and CRS XML Schema validation issues. More generally, eight (or 11%) of Azerbaijan's exchange partners reported rejecting more than 25% of the files received, of which four (or 6%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions, although it has reduced over time. It was noted that Azerbaijan has already successfully addressed most of the issues.

Figure 1. Technical issues raised by Azerbaijan's exchange partners



Based on these findings it was concluded that Azerbaijan is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to validating the data and following up with issues when files are rejected. Azerbaijan should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Azerbaijan should continue to work with its exchange partners to address the issues raised.

Azerbaijan should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Azerbaijan linked to the CTS.

Based on these findings it was concluded that Azerbaijan is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Azerbaijan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Azerbaijan's exchange partners did not raise any concerns with respect to the timeliness of the exchanges by Azerbaijan and therefore with respect to Azerbaijan's implementation of this requirement.

Based on these findings it was concluded that Azerbaijan is fully meeting expectations in relation to exchanging the information in a timely manner. Azerbaijan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Azerbaijan's exchange partners did not raise any concerns with respect to Azerbaijan's use of the agreed transmission methods and therefore with Azerbaijan's implementation of this requirement.

Based on these findings it was concluded that Azerbaijan is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Azerbaijan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

11 exchange partners highlighted delays in the sending of status messages by Azerbaijan, representing 12% of its partners. This represents a relatively high proportion of partners, although it has improved over time. It was noted that Azerbaijan has contacted the exchange partners to address the issues to ensure that status messages are sent in accordance with the requirements and that most of the status messages have now been successfully sent.

Based on these findings it was concluded that, overall, Azerbaijan is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to preparing the files in accordance with the CRS Status Message XML Schema and related User Guide. Azerbaijan is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Azerbaijan should continue to engage with its exchange partners to address the issues raised.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Azerbaijan appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Azerbaijan's exchange partners and therefore with respect to Azerbaijan's implementation of these requirements.

Based on these findings it was concluded that Azerbaijan appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Azerbaijan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Azerbaijan would like to express its high appreciation for the support and assistance provided by the Global Forum.

Azerbaijan, as a member of the Global Forum since 2013, has always remained committed to international standards and treaty obligations in international tax matters. It shall also be mentioned that the Republic of Azerbaijan, being a developing country that does not host a financial centre had no obligation to implement automatic exchange of information (AEOI) under Common Reporting Standard (CRS), nonetheless it has signed the declaration committing itself to AEOI from 2018 in accordance with the provisions of Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information on 1 June 2017.

During the last period, for the purpose of achieving OECD standards Azerbaijan improved its internal IT systems, changed compliance policies and communication strategies and shaped a new AEOI professional team.

Azerbaijan is confident that the AEOI Effectiveness in practice report is a fair and accurate picture of the implementation of the standard. Azerbaijan is satisfied with the conclusion that its implementation of the AEOI Standard is "On track" and is consistent with the requirements of the AEOI Terms of Reference. Azerbaijan is committed to address the recommendations made in the nearest future.

The Bahamas

This report analyses the implementation of the AEOI Standard in The Bahamas with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Bahamas' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While The Bahamas' international legal framework to exchange the information with all of The Bahamas' Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, a jurisdiction-specific Non-Reporting Financial Institution is provided for that does not meet the requirements and incorrect values may be reported in relation to certain Controlling Persons of trusts.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

The Bahamas' implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While The Bahamas is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

The Bahamas commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, The Bahamas:

- enacted the Automatic Exchange of Financial Account Information Act 2016 (amended in 2017 and in 2019);
- introduced the Automatic Exchange of Financial Account Information Regulations 2017 (amended in 2017); and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, The Bahamas made various amendments to its legislative framework to address issues identified, the last of which was effective from 30 April 2019.

With respect to the exchange of information under the AEOI Standard, The Bahamas is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in The Bahamas that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that The Bahamas requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of The Bahamas' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	5 895
Financial Accounts reported in 2021	113 522

Table 2 sets out the number of exchange partners to which information was successfully sent by The Bahamas in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to The Bahamas' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	36	48	56	60

In order to provide for the effective implementation of the AEOI Standard, in The Bahamas:

- the Ministry of Finance (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with The Bahamas' exchange partners, supported by the Central Bank, the Securities Commission and the Insurance Commission (with an amendment to the Automatic Exchange of Financial Account Information Act 2016 delegating the powers of the Ministry of Finance to monitor the compliance with the AEOI Standard by Financial Institutions under their respective supervision due to be passed into law shortly);
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online portal; and

- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of The Bahamas' legal frameworks implementing the AEOI Standard concluded with the determination that The Bahamas' domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of The Bahamas' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Bahamas are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

The Bahamas' domestic legislative framework is in place and contains many of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in some areas relating to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the reporting requirements (SR 1.3). Most significantly, a jurisdiction-specific Non-Reporting Financial Institution is provided for that does not meet the requirements and incorrect values may be reported with respect to certain Controlling Persons of trusts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Bahamas has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, The Bahamas provides for a jurisdiction-specific Non-Reporting Financial Institution that is not in accordance with the requirements. The scope of Reporting Financial Institution, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard, which may materially impact the proper functioning of the AEOI Standard.

Recommendations:

The Bahamas should amend its domestic legislative framework to remove Bahamas Executive Entities from its list of categories of jurisdiction-specific Non-Reporting Financial Institutions, as they do not meet the requirements of the AEOI Standard.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Bahamas has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Bahamas has incorporated the reporting requirements in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, The Bahamas has guidance advising that in the case of a Reportable Person who is a settlor of an irrevocable trust, or a protector or any other natural person exercising ultimate effective control over any trust (revocable or irrevocable), the account balance attributable to them is zero if that person has no beneficial interest in the trust. The reporting of account balance or value is a key element of the reporting requirements and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

The Bahamas should amend its domestic legislative framework to ensure that lodging a notification of reporting in another jurisdiction is not a substitute for reporting on Reportable Accounts maintained in The Bahamas in the limited circumstances where reporting may be required in both jurisdictions.

The Bahamas should amend its domestic legislative framework to require the account balance or value with respect to all Controlling Persons of a trust holding a Reportable Account to be reported in accordance with the AEOI Standard.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Bahamas has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Bahamas' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of The Bahamas' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from The Bahamas and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Bahamas has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Bahamas put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Bahamas' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

The Bahamas is in the process of making amendments to the second schedule of the Automatic Exchange of Financial Account Information Regulations 2017.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Bahamas are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

The Bahamas' implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while The Bahamas is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). The Bahamas should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their

Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, The Bahamas implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- The Bahamas is developing an overarching strategy to ensure compliance with the AEOI Standard. This is informed by its risk assessment in relation to AML, although the information sources in relation to compliance with the AEOI Standard could be expanded and it should explicitly include a plan to ensure that the interaction between The Bahamas' AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard. In terms of communicating with Reporting Financial Institutions, The Bahamas has issued guidance and has undertaken a series of briefings for the financial service industry participants and regulators.
- The Bahamas does not yet have an overall understanding of its population of Financial Institutions. While the Central Bank, the Securities Commission and the Insurance Commission have an understanding of the entities under their supervision for their respective regulatory purposes, the Ministry of Finance has not combined this information with other information sources to identify the total population of Reporting Financial Institutions, such as non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.
- The institution responsible for implementing The Bahamas' compliance strategy appears to have the necessary powers to discharge its functions, although it is not clear whether resources have been allocated to monitor and ensure the compliance of Reporting Financial Institutions.
- There is an amendment to the Automatic Exchange of Financial Account Information Act 2016 which delegates the powers of the Ministry of Finance to other regulators to monitor the compliance with the AEOI Standard by Financial Institutions under their respective supervision, but the amendment has not been implemented. The Amendment has been tabled in Parliament and should

be passed into law shortly. It is also unclear how the proposed arrangements between the Ministry of Finance and other regulators will be coordinated and whether the regulators will be sufficiently informed with respect to the data reported under the AEOI Standard and related information to effectively ensure compliance with the AEOI Standard.

- The Securities Commission has carried out desk-based surveys of some entities under its supervision to gather information on their potential CRS obligations as well as sample testing of self-certifications held by several of the entities subject to its supervision, primarily Investment Entities, but it does not currently have the authority to access reported information to directly verify the accuracy of reported information against the records held by these Financial Institutions. Also, The Bahamas has reported that the Group of Financial Services Regulators has initiated onsite examinations.
- The Bahamas has not yet planned or carried out verification activities covering other categories of Reporting Financial Institution, including in key areas such as ensuring the information reported is complete and accurate, and ensuring a valid self-certification is always obtained, but has plans to do so in the future.
- It is not clear whether the institutions in The Bahamas have established procedures for the application of penalties and sanctions covering all aspects of non-compliance in relation to the AEOI Standard and The Bahamas does not seem to be monitoring or following up on undocumented accounts. With respect to undocumented accounts, The Bahamas highlighted that they introduced robust AML controls in the past, which should have dealt with them.
- The Bahamas has taken effective action to address circumvention of the reporting requirements when it has been detected, with reporting of the information being enforced and a penalty being applied in respect to the circumvention scheme identified.
- The Bahamas will also keep its jurisdiction-specific Non-Reporting Financial Institutions under review to ensure they continue to pose a low risk of being used for tax evasion purposes (it does not have a jurisdiction-specific list of Excluded Accounts).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Bahamas has carried out some communication and outreach activities, such as publishing guidance and providing briefings to the financial industry.
Verifying that Financial Institutions are reporting as required	The Bahamas has not yet carried out verification activities to ensure that Financial Institutions are reporting as required, but has plans to conduct desk-based checks and onsite visits in the future.
Verifying whether the information reported is complete and accurate	The Bahamas' Security Commission has conducted several desk-based checks in one financial sector to verify whether reported information is complete and accurate. No issues were identified in those activities. The Bahamas has identified a circumvention scheme and addressed it. Also, The Bahamas has reported that the Group of Financial Services Regulators has initiated onsite examinations. Further activities are planned.
Enforcement	Following the activities mentioned above, The Bahamas has applied a penalty in one case. It is monitoring the impact with a view to ensuring future compliance.

The Bahamas was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to

effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. The Bahamas was also not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from The Bahamas indicated that they achieved a success rate when matching the information received from The Bahamas with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve. Eight exchange partners highlighted issues with respect to the information received, such as missing dates of birth, missing or invalid TINs and incomplete address data.

Based on these findings it was concluded that The Bahamas is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to developing and implementing a complete and overarching compliance strategy that identifies the population of Reporting Financial Institutions and verifies their compliance with due diligence and reporting obligations. The Bahamas should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Bahamas should further develop its overarching compliance strategy to underpin its compliance activities, informed by a risk assessment that takes into account a range of relevant information sources.

The Bahamas should ensure that it allocates adequate resources to carry out its compliance strategy.

The Bahamas should further develop and implement a process to identify its population of Financial Institutions and ensure that they correctly apply the definitions of Reporting Financial Institution and Non-reporting Financial Institution and report information as required.

The Bahamas should further develop and implement an appropriate framework, including in-depth reviews, to verify whether Reporting Financial Institutions are effectively implementing the AEOI Standard, including the active monitoring of the interaction of its AML framework and its CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard.

The Bahamas should develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

The Bahamas should put in place procedures to monitor Reporting Financial Institutions that report undocumented accounts and procedures to follow up with them to ensure that the requirements are being complied with.

The Bahamas should implement systems to monitor the reporting of Tax Identification Numbers and dates of birth by Reporting Financial Institutions to inform its compliance strategy.

The Bahamas should address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as The Bahamas exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that The Bahamas implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, The Bahamas has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that The Bahamas is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Bahamas is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Bahamas' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7), and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as The Bahamas exchanges information non-reciprocally, so does not receive information. The Bahamas is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from The Bahamas' exchange partners did not raise any specific concerns with respect to their ability to process the information received from The Bahamas and therefore with respect to The Bahamas' implementation of these requirements. More generally, 4 (or 6%) of The Bahamas' exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that The Bahamas is in the process of addressing the issues.

Based on these findings it was concluded that, overall, The Bahamas is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to validating the data and following up with issues when files are rejected. The Bahamas is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Bahamas should review its systems and processes to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

The Bahamas should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, The Bahamas linked to the CTS.

Based on these findings it was concluded that The Bahamas is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Bahamas is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by The Bahamas. It was noted that The Bahamas successfully addressed the issue and sent the information as soon as possible thereafter.

Based on these findings it was concluded that The Bahamas is fully meeting expectations in relation to exchanging the information in a timely manner. The Bahamas is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from The Bahamas' exchange partners did not raise any concerns with respect to The Bahamas' use of the agreed transmission methods and therefore with The Bahamas' implementation of this requirement.

Based on these findings it was concluded that The Bahamas is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Bahamas is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as The Bahamas exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

While it is unclear whether The Bahamas' approach will ensure that corrected, amended or additional information is provided in a timely manner, it has not been tested and no such concerns were raised by The Bahamas' exchange partners and therefore with respect to The Bahamas' implementation of these requirements.

Based on these findings it was concluded that The Bahamas appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Bahamas is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account etc.

The Minister of Finance is responsible for the supervision, control and direction of matters relating to the financial affairs of The Bahamas.

Regulation and supervision of the Financial Services Sector, and the Group of Financial Services Regulators is the responsibility of the Minister of Finance.

The Group of Financial Services Regulators have always had a duty to report to the Minister of Finance on the affairs of their licensees/registrants with regard to their compliance with, among other things, CRS/FATCA/AML/CFT/CPF. This reporting takes place on a regular basis between the Minister and the persons in charge of each regulatory agency. Reporting includes informing the Minister of Finance of any

risks/threats/circumvention of CRS/FATCA/AML/CFT/CPF. This procedure is used for the prudential monitoring and management of The Bahamas' financial services sector.

All reportable FIs, Controlling persons and non-reportable FIs and persons, for the purposes of the CRS, (be they investment vehicles or licensed FIs, etc.), are subject to the Financial Transactions Reporting Act 2018 (FTRA) and Financial Transactions Reporting Regulations 2018 (FTRR) and their subsequent amendments.

As such, all customer relationships are subject to the FTRA 2018 and FTRR 2018 requirements. Further, The Bahamas maintains that its AML legal framework (which has been implemented from January 2001 with amendments in 2018) is compliant with best practices and international standards which cover 95 - 98% of CRS due diligence requirements. The Bahamas AML framework has been assessed against FATF AML standards and was found to be compliant with FATF requirements. The Bahamas was rated as 'Compliant' with FATF Recommendation 10 - Customer Due Diligence Requirements.

The Bahamas has an FATF compliant AML framework for verifying and identifying facility holders identifies. Accordingly, The Bahamas maintains that it is substantively compliant with the CDD requirements of the CRS framework via its AML Framework that captures the identification and verification of beneficial ownership information required by CRS.

In practice, The Bahamas AML/CFT/CFP framework which includes risk based AML monitoring, meets international best practices, as we have achieved 'compliant an largely compliant' ratings for 38 out of 40 FATF international AML standards which include effective CDD ongoing monitoring with obligation on FIs to maintain accurate and up-to-date information on all facility holders in the financial and non-bank financial sectors covering securities, banking, insurance, gaming corporate service providers and the services offered to corporates, trusts, foundations, investment vehicles, etc.

Onsite examinations, for the purposes of AML/CFT/ CFP/ CRS consist of interviews and testing of compliance by actually handling of files to verify compliance. Reports are prepared regarding any gaps in FIs compliance programs with dates for addressing concerns. On occasion FIs' activities have been restricted until concerns are addressed. When warranted, operational risk assessments are carried out by independent firms of accountants. Administrative fines are also levied for non-compliance.

The Bahamas has one for the most robust ongoing AML/CFT/CFP monitoring according to industry stakeholders.

To enhance our AML/CFT/CFP Framework, The Bahamas enacted the Register of Beneficial Ownership Act, 2018 which allows the Ministry of Finance, as well as law enforcement agencies, the Central Bank, Insurance Commission, Securities Commission, Gaming Board and the Compliance Commission and the FIU to request a search of the Beneficial Ownership Secure Search System and obtain information on beneficial ownership of legal persons (companies and international business companies), partnerships, segregated companies, and non-profit companies . The establishment and maintenance of the BOSSs has greatly assisted the country in responding to international partners with reference to exchange of information requests.

The Bahamas, through the Financial Transactions Reporting Act, 2018 (FTRA, 2018), was deemed to have addressed all deficiencies identified regarding FATF Recommendation 10 which deals with Customer Due Diligence.

The obligations for all FIs to conduct ongoing CDD is set out in section 12 of the FTRA, 2018 and is consistent with anti-money laundering standards established by the FATF. The Bahamas' covers the definition of FIs in sections 3 and 4 of the FTRA.

Section 7(1)(a) of the FTRA, 2018 imposes the obligation on all FIs to identify the identity of facility holders, while section 8 imposes obligations for FIs to undertake identification and verification measures.

Legal persons that are corporate entities, Financial Transaction Reporting Regulations –

Regulation section 5(1)(a) - (c) provides for verification through name, legal form, proof of existence and powers that regulate and bind such entities;

Regulation 5(1)(d) provides for verification of the natural person who will be responsible for operating the entity;

Regulation 5(1)(e) provides that documentary evidence of identification and verification of the identity of beneficial owners must be obtained;

Regulation 5(1)(f) provides for the verification via Registry of Companies as documentation on good standing with the registry (good standing certificate) is a requirement for due diligence of legal persons;

Regulation 5(1)(g) which requires FIs to verify through location of registered office, if different to the principal place of business.

Information also required to be obtained from legal persons is as follows -

A description and nature of the business of the legal entity including commencement date, principal location of the business, and products and services, etc.,

Purpose of the facility and potential parameters of the facility, and

Any other document that could be used to determine the ownership and control structure of the legal person.

Section 7 (1)(b) and (c) of FTRA, 2018, FIs are required to identify and verify the identity of any person purporting to act on behalf of a facility holder which would include senior managers. Section 7(1) and (5) of the FTRA outlines the verification measures FIs are required to undertake in relation to trusts - to identify the settlor, trustee(s), the protector if any, the beneficiary or class of beneficiaries and any other natural person exercising control over the trusts. Further, Regulation 7 of FTRR 2018 imposes an obligation on all FIs to undertake identification and verification measures for other types of legal arrangements similarly as those required with respect to trusts.

Section 7(1) FTRA and Regulation 6 of the FTRR 2018, provides measures for partnerships and unincorporated businesses. Section 7(7) requires that all information obtained to verify and identify facility holders are to be kept accurate and up-to-date.

Section 5 of the FTRA, 2018 requires FIs to identify, assess and understand risks and appropriately manage and mitigate such risks regarding all facility holders. FIs are also required to take into account risk assessments when applying CDD measures. Further, FIs are not permitted to apply simplified CDD when there is a suspicion of activities related to any identified risk and in such cases are required to employ enhanced due diligence (EDD) pursuant to section 7(3) and 7(4) of the FTRA, 2018 respectively. EDD procedures are laid out in Section 13 of the FTRA 2018.

Where an FI cannot obtain the necessary documentation to carry out proper due diligence of a facility holder, the relationship is abandoned, as it is prohibited for FIs to maintain facilities for potential clients that cannot deliver required documentation as per FTRA 2018 requirements.

Please note that the FTRA 2000, our first CDD statute, required verification of identities of all existing facility holders and the Central Bank's Bank Supervision Department and other Regulators were required to monitor the process of verification of all client relationships and accounts. All relationships or account holders that were unable to deliver required

CDD documentation were suspended and terminated if the information was not provided.

Four years ago, The Bahamas established a Ministerial Council, comprising the Attorney-General, the Minister of Finance, the Minister of Economic Affairs, the Minister of Foreign Affairs, the Minister of National

Security and the National Identified Risk Framework Coordinator. The Council meets to determine identified risks related to AML/CFT/CPF, and any other risks that affect the financial services industry, including CRS matters, and the interaction of The Bahamas' AEOI and AML/CFT/CPF Framework. The Council assesses and make recommendations, as necessary.

An Identified Risk Framework Steering Committee was also established and is chaired by the National Identified Risk Framework Coordinator. The Committee meets once a month, or more frequently as may be required. Identified risks are reported to the Coordinator at the monthly meetings; and also whenever such risks arise. These procedures are used to coordinate the monitoring and surveillance of the Financial Services Industry.

Along with the Coordinator, the Committee is comprised of representatives from the Group of Financial Services Regulators, the Office of the Attorney-General, the Director of Public Prosecutions, the Financial Intelligence Unit, the Customs Department, the Royal Bahamas Police Force, the Royal Bahamas Defence Force, the Department of Immigration, the Ministry of Finance, the Ministry of Economic Affairs, the Ministry of Foreign Affairs, and representatives of statutory bodies that have as part of their function a requirement to regulate financial institutions.

The Coordinator reports these matters to the Ministerial Council.

The Automatic Exchange of Financial Account Information (Amendment) Bill 2022 delegates the powers of the Minister of Finance to "Designated Supervisory Authorities" , i.e., the Group of Financial Services Regulators - Central Bank of The Bahamas, Compliance Commission of The Bahamas, the Gaming Board of the Bahamas, the Insurance Commission of The Bahamas, and the Securities Commission of The Bahamas.

Thus, empowering the Regulators to act on behalf of the Minister of Finance in relation to all matters relating to the AEOI; and allowing access to relevant CRS information for the carrying out of these duties.

The Bill has been tabled in Parliament, and should be passed into law by July 2022.

In relation to the application of penalties and sanctions covering all aspects of non-compliance, the Minister of Finance, in his capacity as the Competent Authority for AEOI, determines the penalties and sanctions that are to be applied. A meeting is held with the Attorney General, the Minister of Economic Affairs, the Governor of the Central Bank, and representatives for the Financial Intelligence Unit, and the Group of Financial Services Regulators to discuss these matters. The Minister of Finance then issues a Compliance Notice to the Reporting Financial Institution/Controlling Persons that are in breach of the CRS.

These parties must comply with the Notice, otherwise, Bahamian law enforcement will commence legal procedures for tax crimes, which may result in a prosecution.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Please note the context of the country reporting a 50% rejection rate. The country reported an error message with one file out of a total of two files submitted. An error message on one file out of a total of two files is a small sample to draw the conclusion that "This is a relatively high amount when compared to other jurisdictions and it has increased over time".

In fact, most of the queries about matching rates relate to information requested from partner jurisdictions that are "Optional Mandatory" in the OECD schema guidelines 2019. These guidelines are applied in the Vizor, now part of Regnology, AEOI software automated application utilized by The Bahamas for the collection, implementation of validation rules and exchange of information required for OECD CRS reporting. If we do not follow the layout and the validation rules of the Schema a filing would be rejected from the CTS.

Some of the partner jurisdictions are asking for TIN & DOB which is “(optional) mandatory” in the 2019 schema along with other information used for domestic purposes. For example, one country informed The Bahamas that they use an automated matching system and matching is made using TIN, DOB, Names, Street, Building Identifier and Addresses outside home country and the TIN must match the other elements in the matching process.

Another country informed The Bahamas that their matching process is in line with the OECD schema guidelines and the matching exercise performed and feedback given to the OECD was not intended to suggest that The Bahamas does not follow or use the OECD Schema guidelines. The matching rates communicated are purely an indication of the challenges faced when trying to match data received and they understand that TIN is currently a contentious topic across the AEOI network.

Therefore, the percentage of countries reporting issues is low relative to the total number of exchange partners.

Bahrain

This report analyses the implementation of the AEOI Standard in Bahrain with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Bahrain's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Bahrain's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Bahrain's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Bahrain's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Bahrain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Bahrain commenced exchanges under the AEOI Standard in 2018, and exchanges information on a non-reciprocal basis (i.e. Bahrain sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Bahrain:

- transposed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA) and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) into its domestic law; and
- enacted the CBB Common Reporting Standard (CRS) Directive OG/53/2017, the CBB CRS Directive OG/212/2017, the CBB CRS Directive OG/277/2018, and the MOICT circular FAEI/90/HR/2018.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Bahrain is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Bahrain that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Bahrain requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Bahrain's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	133
Financial Accounts reported in 2021	41 378

Table 2 sets out the number of exchange partners to which information was successfully sent by Bahrain in the past few years (including where the necessary frameworks were in place but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Bahrain's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	38	50	59	63

In order to provide for the effective implementation of the AEOI Standard, in Bahrain:

- the Central Bank of Bahrain (CBB, the authority responsible for supervising Financial Institutions licensed by the CBB); and the Ministry of Industry, Commerce and Tourism (MOICT, the authority responsible for supervising Financial Institutions not licensed by the CBB) have the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions. The National Bureau for Revenue (NBR, the tax authority) is responsible for exchanging the information with Bahrain's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by a CRS Portal managed by the CBB and the NBR; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Bahrain's legal frameworks implementing the AEOI Standard concluded with the determination that Bahrain's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Bahrain's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Bahrain are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Bahrain's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Bahrain has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Bahrain has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Bahrain has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Bahrain has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Bahrain's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Bahrain's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Bahrain and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Bahrain has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Bahrain put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Bahrain's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Bahrain are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Bahrain's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Bahrain is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Bahrain implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- The CBB and the MOICT each implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting risk assessments that took into account a range of relevant information sources, such as information obtained from the supervision for AML purposes, the overall compliance of the Reporting Financial Institution with respect to taxes and the feedback received from the exchange partners. The CBB's and the MOICT's compliance strategies facilitate compliance and incorporate a credible approach to enforcement, and they intend to keep their compliance strategies and risk assessments under review to ensure their effectiveness on an ongoing basis.
- The CBB and the MOICT have worked effectively to understand their population of Financial Institutions (i.e. those licensed by the CBB and those overseen by the MOICT), utilising various relevant information sources, such as the list of licensed entities and the Foreign Financial Institution list for FATCA purposes and the list of licensees regulated by the MOICT. The CBB and the MOICT are taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under their domestic rules and reporting information as required.
- The institutions responsible for implementing Bahrain's compliance strategy appear to have the necessary powers and resources to discharge their functions. Bahrain has assigned the equivalent of 10 full time staff, from the CBB, the MOICT and the NBR, to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments.
- It appears that the CBB and the MOICT have enforced the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that the CBB and the MOICT are ready to take effective action to address circumvention of the requirements if such circumvention is detected, and action is being taken to follow up with Reporting Financial Institutions that report undocumented accounts. The MOICT has formal procedures to monitor and verify whether self-certifications have been obtained as required, particularly where they are obtained after the opening of a Financial Account as well as procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- Bahrain does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Bahrain has carried out some communication and outreach activities, such as publishing detailed directives to facilitate the understanding and implementation of the AEOI Standard, and organizing trainings sessions with the financial sector.
Verifying that Financial Institutions are reporting as required	Bahrain has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the list of entities regulated by the financial regulators and the list of Foreign Financial Institutions for FATCA purposes, and proactively contacting the Financial Institutions and inform them of their obligations under the AEOI Standard, and identified one Financial Institution incorrectly not reporting. Bahrain has followed up on this issue, and the Financial Institutions has since reported the data as required.
Verifying whether the information reported is complete and accurate	Bahrain has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Bahrain has conducted some onsite visits. It accordingly identified some issues, commonly concerning incorrect or incomplete data reported.

Activity type	Activities undertaken
	Bahrain has followed up on these issues and corrections have subsequently been made by the Reporting Financial Institutions.
Enforcement	Following the activities mentioned above, Bahrain has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Bahrain, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Bahrain nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Information provided by Bahrain also showed a significantly higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, meaning that it was not possible for the Reporting Financial Institution to identify whether the accounts should be reported. Follow-up discussions confirmed that Bahrain is aware of these issues and is taking steps to address them.

Feedback was also received from Bahrain's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively lower level of success when seeking to match information received from Bahrain with their taxpayer database. Follow-up discussions confirmed that Bahrain is aware of these issues is seeking to improve the situation.

Based on these findings it was concluded that, overall, Bahrain is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect follow-up activities with Financial Institutions which have reported undocumented accounts. Bahrain is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Bahrain should continue its follow-up activities with Reporting Financial Institutions reporting undocumented accounts, including to understand the reason for it, and ensure they are correctly applying the definition.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Bahrain exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Bahrain implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Bahrain has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Bahrain is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Bahrain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

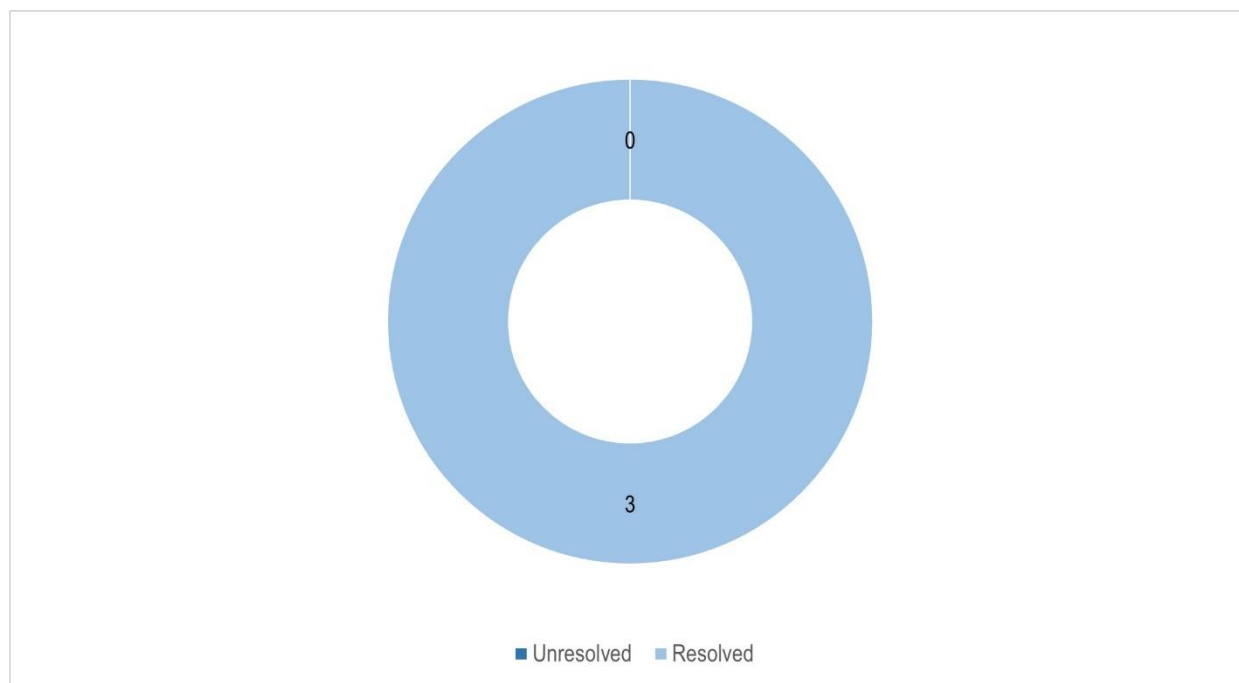
Bahrain's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Bahrain exchanges information non-reciprocally, so does not receive information. Bahrain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Bahrain (representing 3% of its partners). More generally, three (or 4%) of Bahrain's exchange partners reported rejecting more than 25% of the files received, of which two reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Bahrain has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Bahrain's exchange partners



Based on these findings it was concluded that Bahrain is fully meeting expectations in relation to sorting, preparing and validating the information. Bahrain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Bahrain linked to the CTS.

Based on these findings it was concluded that Bahrain is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Bahrain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Two exchange partners highlighted delays in the sending of information by Bahrain (representing 3% of its partners). It was noted that Bahrain successfully addressed all the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Bahrain is fully meeting expectations in relation to exchanging the information in a timely manner. Bahrain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Bahrain's exchange partners did not raise any concerns with respect to Bahrain's use of the agreed transmission methods and therefore with Bahrain's implementation of this requirement.

Based on these findings it was concluded that Bahrain is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Bahrain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Bahrain exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Bahrain appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Bahrain's exchange partners and therefore with respect to Bahrain's implementation of these requirements.

Based on these findings it was concluded that Bahrain appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Bahrain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Bahrain would like to thank the OECD Secretariat for their assistance during the review period. Bahrain reaffirms its commitment to ensuring effective implementation of the AEOI standard, to enhancing its transparency and exchange of information obligations and to meeting AEOI standard.

Barbados

This report analyses the implementation of the AEOI Standard in Barbados with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Barbados' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Barbados' international legal framework to exchange the information with all of Barbados' Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, there are some deficiencies with respect to the enforcement framework.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Barbados' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Barbados is on track with respect to ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1), some issues have been identified with respect to Barbados' exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Barbados commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Barbados:

- enacted Section 83 of the Income Tax Act of Barbados; and
- introduced the Income Tax (Automatic Exchange of Information) Regulations 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Barbados is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Barbados that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Barbados requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Barbados' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	194
Financial Accounts reported in 2021	18 712

Table 2 sets out the number of exchange partners to which information was successfully sent by Barbados in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Barbados' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	44	61	64

In order to provide for the effective implementation of the AEOI Standard, in Barbados:

- the Barbados Revenue Authority (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Barbados' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the tax authority, which ensure the validation of the data reported by Financial Institutions before it is exchanged with Barbados' exchange partners; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Barbados' legal frameworks implementing the AEOI Standard concluded with the determination that Barbados' domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Barbados' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Barbados are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Barbados' domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the framework to enforce the requirements (SR 1.4). Most significantly, Barbados' legislative framework provides for a jurisdiction-specific Non-Reporting Financial Institution that is not in accordance with the requirements, does not provide for sanctions on Account Holders and Controlling Persons for the provision of a false self-certification and sets out non-recurring record keeping obligations with respect to the reportable accounts subject to annual reporting.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Barbados has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiency has been identified. More specifically, Barbados provides for a jurisdiction-specific Non-Reporting Financial Institution that is not in accordance with the requirements. The scope of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Barbados should amend its domestic legislative framework to remove the Co-operative Credit Union League Ltd from its jurisdiction-specific list of Non-Reporting Financial Institutions as it does not meet the requirements.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Barbados has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Barbados has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary. While a deficiency has been identified with respect to the reporting of the account number, it is considered to be relatively minor as an account number or functional equivalent is required to be reported.

Recommendations:

Barbados should amend its domestic legislative framework to require Reporting Financial Institutions to always report an account number when one exists, rather than a functional equivalent.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Barbados has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Barbados' legislative framework:

- does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification; and
- does not include rules requiring Reporting Financial Institutions to keep records in accordance with the requirements.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Barbados should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Barbados should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records for at least five years from the deadline to report the information, rather than five years from the end of the calendar year for which the record was made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Barbados' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Barbados' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Barbados and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Barbados has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Barbados put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Barbados' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Barbados are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Barbados' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Barbados is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence

procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Barbados implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Barbados implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the OECD guidance, publicly available information, the profile of the financial sector, industry interactions and the daily operations of the tax authority. Barbados' compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Barbados intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Barbados has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the lists of regulated entities maintained by the Financial Services Commission and the Central Bank of Barbados, the Foreign Financial Institution list for FATCA purposes and the tax database. Barbados is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting as required. Barbados intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The tax authority responsible for implementing Barbados' compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Barbados has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions, which are further assisted by one administrative staff. In addition, the compliance strategy is supported by other teams, including the Office of the General Counsel and the audit teams from the Audit Services Division and the Large Taxpayers unit.

- Barbados has adopted a phased compliance review process, based on a risk-based approach, as set out in its documented compliance strategy and its accompanying timelines. The tax authority has commenced putting the strategy into practice, firstly with the review of the Financial Institution population, and secondly with the drive and promotion of voluntary compliance.
- Barbados has started AEOI CRS compliance audits on 20 Reporting Financial Institutions, selected according to a risk analysis, which are currently ongoing. The objective of these audits is to analyse the overall compliance with their obligations under the AEOI Standard, including the due diligence procedures, such as the collection of self-certifications, as well as the reporting requirements. It is noted that Barbados' ability to check the records maintained by Reporting Financial Institutions will be impacted by its legal framework that only requires records to be kept for five years from the end of the calendar year for which the record was made rather than five years from the deadline to report the information. Barbados has a plan to carry out further compliance activities, taking into consideration the analysis of the information reported, as well as other relevant sources of information.
- Barbados is ready to take effective action to address circumvention of the requirements if such circumvention is detected and the tax authority is currently seeking to develop processes and procedures to identify circumvention of the due diligence and reporting procedures.
- As far as following up on undocumented accounts is concerned, Barbados has followed up on them during the ongoing compliance audits and an approach to follow up on them more systematically has been established, although it has not yet commenced.
- Barbados will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Barbados has carried out some communication and outreach activities, such as issuing detailed guidance for the Reporting Financial Institutions to comply with the requirements, and organizing in-person and remote seminars with the stakeholders to promote compliance.
Verifying that Financial Institutions are reporting as required	Barbados has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as reviewing the lists of regulated entities maintained by financial regulators, cross-checking the tax database based on the nature of the business activities and the Foreign Financial Institution list for FATCA purposes. As a result of these activities, Barbados identified many Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance through outreach activities and penalties were considered warranted.
Verifying whether the information reported is complete and accurate	Barbados has started audit activities with 20 Reporting Financial Institutions, selected according to risk. The objective of these audits is to analyze the overall compliance with CRS obligations, including due diligence and reporting obligations, the collection of self-certifications and following up on undocumented accounts.
Enforcement	Following the activities mentioned above, Barbados has imposed some penalties and sanctions. To date, penalties were imposed on 33 Financial Institutions for failing to submit their annual reports and in some other cases, dedicated outreach activities were introduced to ensure that the identified cases of non-compliance are addressed. Barbados is monitoring the impact of these penalties and sanctions as well as the overall enforcement approach with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Barbados, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Two exchange partners highlighted issues with respect to the information received from Barbados, such as missing Tax Identification Numbers and dates of birth. Barbados is yet to follow up with them to address the issues. More generally, many of the exchange partners that received a significant number of records from Barbados indicated that they achieved a success rate when matching the information received from Barbados with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Barbados is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Barbados is encouraged to continue its implementation process accordingly including by addressing the recommendations made.

Recommendations:

Barbados should continue to implement and expand its activities to verify and ensure that Reporting Financial Institutions are correctly conducting their due diligence and reporting obligations.

Barbados should implement its plans to systematically follow up with Reporting Financial Institutions that report undocumented accounts.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Barbados implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Barbados has the necessary systems and procedures to process them as required. It also appears that Barbados will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Barbados is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Barbados is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

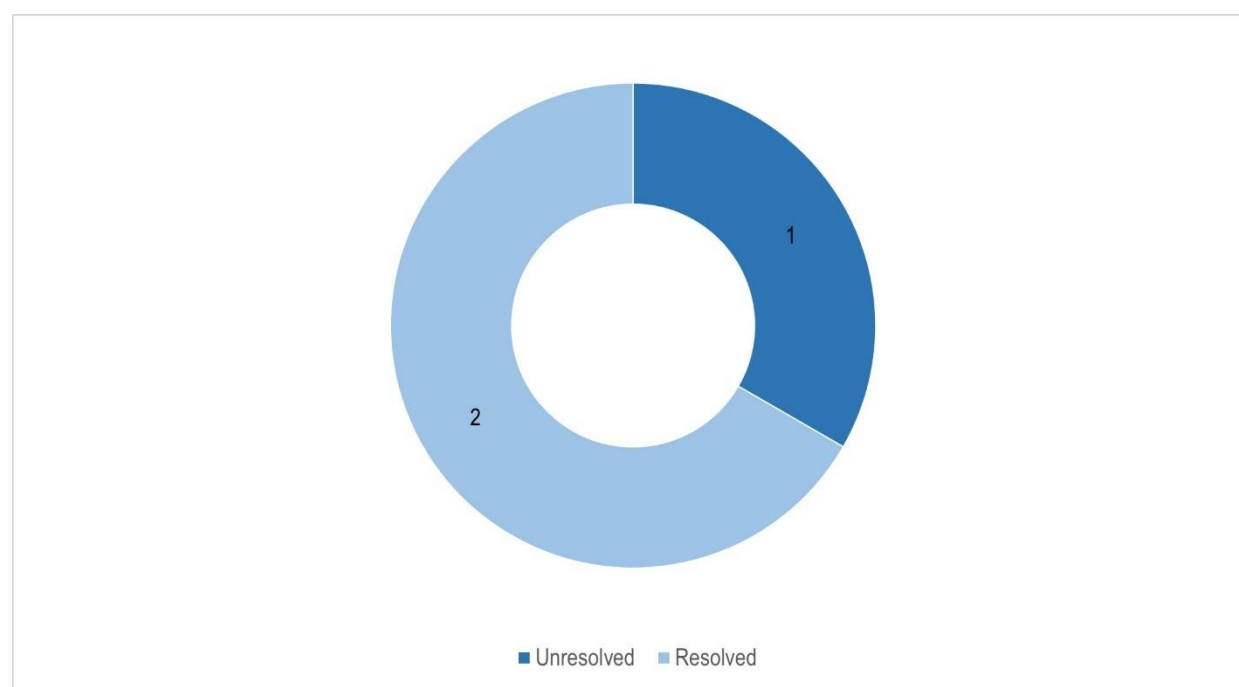
Barbados' implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Barbados is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information and in a timely manner (SRs 2.5 - 2.8), and providing corrections, amendments or additions to the information (SR 2.9), there is a fundamental issue with respect to Barbados correctly receiving the information and sending status messages in a timely manner (SR 2.8). Barbados should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Barbados (representing 4% of its partners). These generally related to transmission errors. More generally, two (or 3%) of Barbados' exchange partners reported rejecting more than 25% of the files received but none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. Barbados is yet to follow up with two of the peers to address the issues and clarify the situation.

Figure 1. Technical issues raised by Barbados' exchange partners



Based on these findings it was concluded that, overall, Barbados is meeting expectations in relation to sorting, preparing and validating the information. Barbados is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Barbados should continue to engage with its partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Barbados linked to the CTS.

Based on these findings it was concluded that Barbados is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Barbados is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Barbados' exchange partners did not raise any concerns with respect to timeliness of the exchanges by Barbados and therefore with respect to Barbados' implementation of this requirement.

Based on these findings it was concluded that Barbados is fully meeting expectations in relation to exchanging the information in a timely manner. Barbados is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Barbados' exchange partners did not raise any concerns with respect to Barbados' use of the agreed transmission methods and therefore with Barbados' implementation of this requirement.

Based on these findings it was concluded that Barbados is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Barbados is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

19 exchange partners highlighted delays in the sending of status messages by Barbados, representing 24% of its partners. This represents a very high proportion of partners and has not improved over time. Barbados has sent some of the outstanding CRS status messages but there remain many instances where the status messages have still not been sent.

Based on these findings it was concluded that Barbados is not meeting expectations in relation to the receipt of the information. Barbados should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Barbados should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Barbados appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Barbados' exchange partners and therefore with respect to Barbados' implementation of these requirements.

Based on these findings it was concluded that Barbados appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Barbados is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Belgium

This report analyses the implementation of the AEOI Standard in Belgium with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Belgium's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Belgium's international legal framework to exchange the information with all of Belgium's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has a deficiency significant to the proper functioning of an element of the AEOI Standard. More specifically, a deficiency has been identified in Belgium's enforcement framework.

Overall determination on the legal framework: In Place But Needs Improvement
--

Effectiveness of AEOI in practice

Belgium's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Belgium is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Belgium commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Belgium:

- enacted "*Loi du 16 décembre 2015 réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d'un échange automatique de renseignements au niveau international et à des fins fiscales*"; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum review, Belgium amended its legislative framework to address issues identified, effective from 1 January 2018.

With respect to the exchange of information under the AEOI Standard, Belgium:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2016;
- has in place European Directive 2011/16/EU on Administrative Co-operation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Belgium that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Belgium requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Belgium's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	149
Financial Accounts reported in 2021	1 223 668

Table 2 sets out the number of exchange partners to which information was successfully sent by Belgium in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Belgium's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	72	77

In order to provide for the effective implementation of the AEOI Standard, in Belgium:

- the Federal Public Service Finance (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Belgium's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by introducing the "MyMinfin CRS Portal" and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Belgium's legal frameworks implementing the AEOI Standard concluded with the determination that Belgium's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when

reviewing the effectiveness of Belgium's implementation of the AEOI Standard in practice. Where particular identified gaps in Belgium's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Belgium are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Belgium's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the framework to enforce the requirements (SR 1.4). More specifically, Belgium does not have rules to prevent the circumvention of the due diligence and reporting procedures.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Belgium has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Belgium has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Belgium has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Belgium has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Belgium's legislative framework does not include rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Belgium should amend its domestic legislative framework to include rules to prevent Financial Institutions, persons or intermediaries adopting practices intended to circumvent the due diligence and reporting procedures.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Belgium's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Belgium's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Belgium and that meet the required standard in relation to confidentiality and data safeguards).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Belgium has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Belgium put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Belgium's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Belgium are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Belgium's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Belgium is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Belgium implemented all but one of the requirements in accordance with expectations. The key findings were as follows:

- Belgium implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, including information about supervision activities from financial regulators, information from whistle-blowers and other public available information. Belgium's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Belgium intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Belgium has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of regulated entities maintained by financial regulators and the Foreign Financial Institution list for FATCA purposes. Belgium is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Belgium intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Belgium's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Belgium has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Belgium effectively enforces the requirements, including through in-depth reviews and the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that effective action is taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Belgium will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.
- Belgium, however, was unable to demonstrate how it would address the circumvention of the requirements under the AEOI Standard where this is identified. This reflects its lack of a legal basis to do so, although it is noted that such cases have not yet been identified.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Belgium has carried out substantial communication and outreach activities, such as developing an e-service webpage to centralise all AEOI related information to inform Financial Institutions about the requirements under the AEOI Standard and initiating cooperation programmers with stakeholder associations to promote the awareness of the AEOI Standard.
Verifying that Financial Institutions are reporting as required	Belgium has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as requiring nil returns, cross-checking the list of Financial Institutions for other regulatory purposes and proactively engaging with the Financial Institutions that have been identified as Financial Institutions but have not reported information. Belgium has identified two Financial Institutions incorrectly not reporting for at least one year and is following up with them with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Belgium has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Belgium has conducted several onsite visits. Those audit activities are still ongoing and results are not yet available.
Enforcement	Following the activities mentioned above, Belgium has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Belgium, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. However, information provided by Belgium showed a significantly higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that Belgium is aware of this issue and is taking steps to address it.

Three exchange partners highlighted issues with respect to the information received, such as missing accounts. Follow-up discussions confirmed that Belgium is aware of these issues and is seeking to improve the situation. More generally, the majority of the exchange partners that received a significant number of records from Belgium indicated that they achieved a success rate when matching the information received from Belgium with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Belgium is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that Belgium is unable to demonstrate its capability to address circumvention schemes where they are detected. Belgium is encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Belgium should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it. Reference is made to the recommendation made when assessing Belgium's legal frameworks implementing the AEOI Standard.

Belgium should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Belgium implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. Belgium has the necessary systems and procedures to process the notifications from partners as required. In particular, Belgium received a notification from one partner and successfully processed it in a timely manner, resolving the issues raised. It also appears that Belgium will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Belgium is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Belgium's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Belgium is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Belgium's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Belgium and therefore with respect to Belgium's implementation of these requirements. More generally, none of Belgium's exchange partners reported rejecting more than 25% of the files received.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to sorting, preparing and validating the information. Belgium is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Belgium uses the CTS for exchanges with non-EU jurisdictions and the CCN for exchanges with EU jurisdictions.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Belgium is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Belgium's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Belgium and therefore with respect to Belgium's implementation of this requirement.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to exchanging the information in a timely manner. Belgium is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Belgium's exchange partners did not raise any concerns with respect to Belgium's use of the agreed transmission methods and therefore with Belgium's implementation of this requirement.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Belgium is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted in 2018 delays in the sending of status messages by Belgium. It was noted that Belgium appears to be successfully addressing this issue to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to the receipt of the information. Belgium is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Belgium has responded to notifications and provided corrected, amended or additional information in a timely manner and no such concerns were raised by Belgium's exchange partners and therefore with respect to Belgium's implementation of these requirements.

Based on these findings it was concluded that Belgium is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Belgium is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Belgium would like to thank the assessment panel and the Secretariat for the very constructive collaboration and their ongoing support in the implementation of the AEOI Standard. In a general way, Belgium will continue the work to ensure the ongoing effectiveness of the AEOI Standard and in particular to make the necessary legislative changes as soon as possible to address the recommendation made during the assessment of the domestic legislative framework implementing the AEOI Standard.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Belize

This report analyses the implementation of the AEOI Standard in Belize with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Belize's legal framework implementing the AEOI Standard is not in place in accordance with the requirements of the AEOI Terms of Reference. While Belize's international legal framework to exchange the information with all of Belize's Interested Appropriate Partners (CR2) is consistent with the requirements, Belize's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has significant deficiencies in areas that are fundamental to the proper functioning of the AEOI Standard. More specifically, deficiencies have been identified in Belize's enforcement framework and in other key areas.

Overall determination on the legal framework: Not In Place

Effectiveness of AEOI in practice

Belize's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Belize is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Belize commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Belize:

- enacted the Mutual Administrative Assistance in Tax Matters Act; and
- introduced the Mutual Administrative Assistance in Tax Matters (Automatic Exchange of Financial Account Information) Regulations, Statutory Instrument No 52 of 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Belize is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Belize that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Belize requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Belize administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	222
Financial Accounts reported in 2021	270 888

Table 2 sets out the number of exchange partners to which information was successfully sent by Belize in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Belize's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	47	59	64	63

In order to provide for the effective implementation of the AEOI Standard, in Belize:

- the Belize Tax Service (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Belize's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by a service provider hired by the tax authority and uses a specialised software which allows reporting Financial Institutions to report financial accounts. The software also validates the information submitted to ensure that it is in line with the CRS Schema.; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Belize's legal frameworks implementing the AEOI Standard concluded with the determination that Belize's domestic legal framework is Not In Place and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Belize's implementation of the AEOI Standard in practice and where particular gaps identified in Belize's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Belize are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Belize's domestic legislative framework is not in place as required as it does not contain several key aspects of the CRS and the Commentary. Significant deficiencies have been identified in relation to the framework to enforce the requirements (SR 1.4). Moreover there are deficiencies in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the scope of Financial Accounts required to be reported (SR 1.2). Most significantly, Belize's domestic legislative framework does not contain rules requiring Reporting Financial Institutions to keep records in accordance with the requirements, does not incorporate a framework for enforcement to address non-compliance, and does not include strong measures to ensure that valid self-certifications are always obtained for New Accounts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Belize has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Belize's legislative framework does not define Investment Entity in accordance with the requirements. The definition of Investment Entity is a key element of the AEOI Standard and is therefore material to its proper functioning.

Recommendations:

Belize should amend its domestic legislative framework to define the term Investment Entity in accordance with the AEOI Standard.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Belize has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Belize has provided for two categories of jurisdiction-specific Excluded Accounts that are not in accordance with the requirements. The scope of Financial Accounts, including the provision of Excluded Accounts is material to the proper functioning of the AEOI Standard.

Recommendations:

Belize should amend its domestic legislative framework to remove two entries from its jurisdiction-specific list of Excluded Accounts: i) the Pension Accounts and ii) the Tax Exempt Savings Plans of Cooperative Societies. These do not meet the relevant requirements as i) no restrictions are made in accordance with the AEOI Standard and ii) the contributions into the accounts are not limited and withdrawals are also not restricted to the relevant criteria.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Belize has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Belize does not have a legislative framework in place to enforce the requirements in a manner that is consistent with the CRS and its Commentary as significant deficiencies have been identified. More specifically, Belize's domestic legislative framework:

- does not include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification;
- does not incorporate rules requiring Reporting Financial Institutions to keep records in accordance with the requirements;
- does not provide for sanctions on Reporting Financial Institutions for failing to carry out the due diligence procedures; and
- does not incorporate measures to ensure that self-certifications are always obtained and validated for New Accounts as is required.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard

Recommendations:

Belize should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Belize should amend its domestic legislative framework to require Reporting Financial Institutions maintain records for at least five years from the deadline to report the information, rather than six years from when the information relates or during which the due diligence steps were undertaken.

Belize should amend its domestic legislative framework to include sanctions for failure to comply with the due diligence and reporting procedures, rather than being limited to failures leading to incorrect information reporting.

Belize should amend its domestic legislative framework to include strong measures to ensure that valid self-certifications are always obtained for New Accounts in accordance with the requirements.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Belize's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Belize's Interested Appropriate Partners

(i.e. all jurisdictions that are interested in receiving information from Belize and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Belize has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Belize put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Belize's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Belize has initiated the process to amend its domestic legislative framework to address recommendations made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Belize are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Belize's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in relation to Belize ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6). Belize should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance,⁹ conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures Belize implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Belize has developed a strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a limited number of relevant information sources, such as the data reported by the Financial Institutions and the interactions the tax authority has with the Reporting Financial Institutions. It has also carried out some communications activities. The strategy does not appear to include a formalised plan to ensure that the interaction between Belize's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- While Belize does compare the lists of regulated entities maintained by other regulatory bodies with the list of Financial Institutions that have reported information under the AEOI Standard to identify its population of Reporting Financial Institutions, it does not have further procedures to identify its full population of Reporting Financial Institutions, including relevant non-regulated

entities and to ensure that they have classified themselves correctly and are reporting information as required.

- Belize has allocated the necessary financial, technical and human resources at the Tax Administration. With respect to human resources, Belize has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions. Belize has also put in place an AEOI helpdesk to give assistance to its Reporting Financial Institutions to ensure that they understand their due diligence and reporting obligations under the AEOI Standard.
- While Belize has conducted some checks to verify whether Reporting Financial Institutions have in place documented due diligence procedures it has not been able to demonstrate how it verifies compliance in practice by Reporting Financial Institutions including through the review of the records maintained by Reporting Financial Institutions, and effectively addresses cases of non-compliance. Belize has also not been able to demonstrate that it has procedures in place to ensure valid self-certifications are obtained. This reflects its lack of legal basis to require Reporting Financial Institutions to keep records for the duration required by the AEOI Standard, to ensure valid self-certifications are always obtained and to apply penalties for failures to correctly conduct the due diligence processes (as they are restricted to incorrect reporting).
- Belize appears to have procedures in place to follow up on undocumented accounts. However, it does not have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- It is noted that Belize has two categories of Excluded Accounts, which have been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Belize has put in place an AEOI helpdesk and has carried out some outreach activities. The outreach activities were stopped because of the pandemic but Belize has resumed such activities.
Verifying that Financial Institutions are reporting as required	Belize has examined the lists of regulated entities maintained by other regulatory bodies to identify its population of Reporting Financial Institutions and has carried out some verification activities to ensure that Financial Institutions are reporting as required.
Verifying whether the information reported is complete and accurate	Belize has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Belize has conducted a few onsite visits, although these are focused on the checking of policies and procedures.
Enforcement	Following the activities mentioned above, Belize has not yet imposed penalties and sanctions, but has plans to do so in the near future.

In terms of the Financial Account information collected and sent by Belize, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Belize nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Belize is aware of these issues and is taking steps to address them. Belize confirmed that no undocumented accounts were reported by Reporting Financial Institutions.

Feedback was also received from Belize's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they

achieved a relatively lower level of success when seeking to match information received from Belize with their taxpayer database.

Based on these findings it was concluded that Belize is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to implementing a comprehensive compliance strategy in order to address issues of non-compliance by Reporting Financial Institutions and carrying out verification and enforcement activities. Belize should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Belize should further develop and implement its overarching compliance plan to underpin its compliance activities, including by ensuring it is informed by a risk assessment that takes into account a wide range of relevant information sources and that it includes monitoring the interaction of its CRS and AML frameworks to ensure the identification of Controlling Persons is always in accordance with the AEOI Standard.

Belize should develop and implement effective procedures to identify its population of Reporting Financial Institutions, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Belize should implement effective verification mechanisms, including the inspection of the records maintained by Reporting Financial Institutions, to ensure they are effectively implementing the due diligence and reporting obligations. Reference is made to the recommendations made when assessing Belize's legal framework implementing the AEOI Standard.

Belize should ensure it has effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including appropriate penalties and sanctions applicable to non-compliance with any of the obligations (e.g. due diligence, reporting, record keeping).

Belize should establish and implement a clearly defined procedure to monitor and verify whether self-certifications have been obtained as required. Reference is made to the recommendations made when assessing Belize's legal framework implementing the AEOI Standard.

Belize should implement systems to collect and monitor information on the reporting of undocumented accounts to inform its compliance strategy.

Belize should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Belize exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

Belize has an understanding of its obligation to collaborate on compliance and enforcement in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent). While no such notifications have

yet been received, it has also not yet developed the necessary systems and procedures to be ready to process them as required.

Based on these findings it was concluded that Belize is partially meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. More specifically, significant issues have been identified, including with respect to a lack of a documented procedure in cases where notifications are received from an exchange partner. Belize should therefore continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Belize should put in place documented procedures to address errors or non-compliance notified by an exchange partner.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

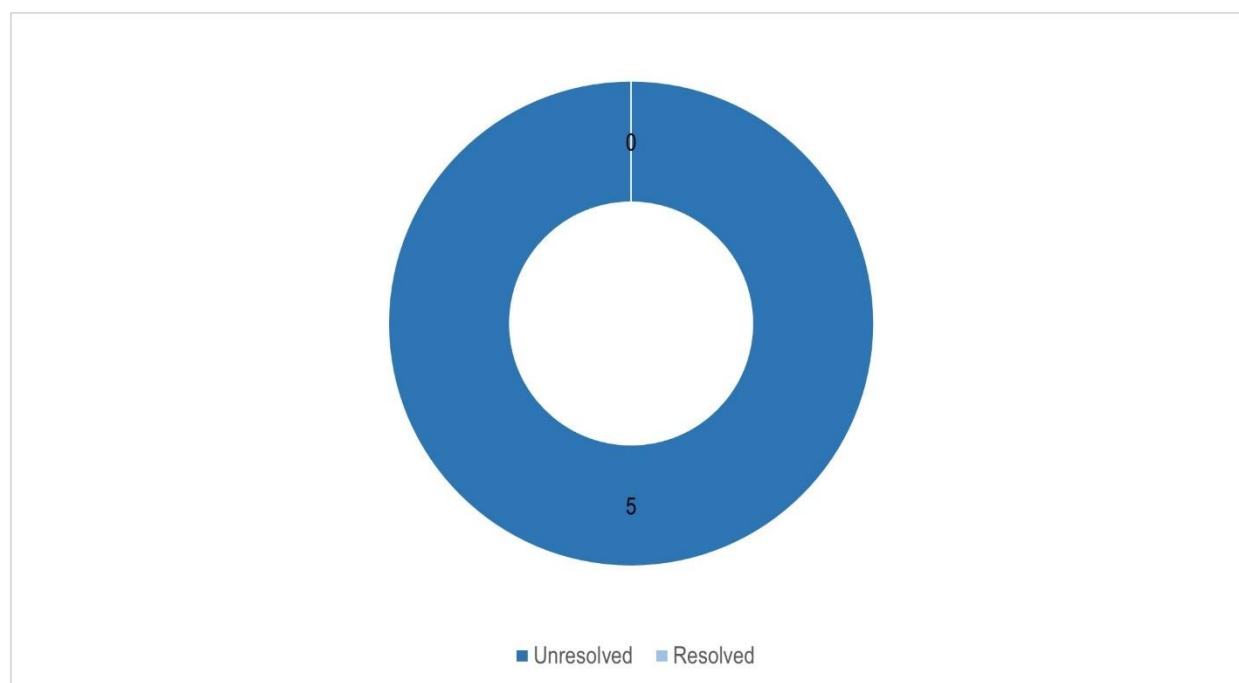
Belize's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Belize exchanges information non-reciprocally, so does not receive information. Belize is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Five exchange partners highlighted particular issues with respect to preparation and format of the information sent by Belize (representing 7% of its partners). These generally related to sorting, preparing and validating the information. More generally, five of Belize's exchange partners reported rejecting more than 25% of the files received, of which four reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. Belize has still not yet addressed all of the issues.

Figure 1. Technical issues raised by Belize's exchange partners



Based on these findings it was concluded that Belize is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to the preparation and validation of files in accordance with the CRS schema. Belize should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Belize should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Belize linked to the CTS.

Based on these findings it was concluded that Belize is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Belize is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Belize's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Belize and therefore with respect to Belize's implementation of this requirement.

Based on these findings it was concluded that Belize is fully meeting expectations in relation to exchanging the information in a timely manner. Belize is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Belize's exchange partners did not raise any concerns with respect to Belize's use of the agreed transmission methods and therefore with Belize's implementation of this requirement.

Based on these findings it was concluded that Belize is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Belize is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Belize exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Belize appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Belize's exchange partners and therefore with respect to Belize's implementation of these requirements.

Based on these findings it was concluded that Belize appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Belize is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Bermuda

This report analyses the implementation of the AEOI Standard in Bermuda with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Bermuda's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Bermuda's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Bermuda's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Bermuda's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Bermuda is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Bermuda commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2017 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Bermuda:

- amended its International Cooperation (Tax Information Exchange Agreements) Act 2005;
- introduced International Cooperation (Tax Information Exchange Agreements) Common Reporting Standard Regulations in 2017; and
- introduced further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Bermuda made various amendments to its legislative framework to address issues identified, the last of which was effective from 18 August 2017.

With respect to the exchange of information under the AEOI Standard, Bermuda:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Bermuda that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Bermuda requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Bermuda's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	800
Financial Accounts reported in 2021	149 056

Table 2 sets out the number of exchange partners to which information was successfully sent by Bermuda in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Bermuda's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	52	61	60	64

In order to provide for the effective implementation of the AEOI Standard, in Bermuda:

- the Treaty Unit in the Ministry of Finance (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Bermuda's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Reporting Financial Institutions to register and submit information through a dedicated portal, which is then validated against the schema and other business rules before the file is accepted; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Bermuda's legal frameworks implementing the AEOI Standard concluded with the determination that Bermuda's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Bermuda's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Bermuda are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Bermuda's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Bermuda has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Bermuda has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Bermuda has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Bermuda has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Bermuda's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Bermuda's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Bermuda and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Bermuda has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Bermuda put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Bermuda's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Bermuda are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Bermuda's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Bermuda is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Bermuda implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Bermuda implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information from the implementation of FATCA and Mandatory Disclosure Rules, information reported under the AEOI Standard, information provided in the annual compliance certification forms and input from exchange partners. Bermuda intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Bermuda has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the list of regulated entities maintained by the Bermuda Monetary Authority (BMA), the list of Foreign Financial Institution for FATCA purposes and outreach to trust companies. Bermuda is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required. It identified several instances of failures to register and failure to report and followed up as necessary. Bermuda intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Ministry of Finance's Treaty Unit, responsible for implementing Bermuda's compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Bermuda has assigned the equivalent of 3.5 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT providers, systems and tools to conduct risk assessments (e.g. IT infrastructure and software for CRS reporting and exchanges). Bermuda also has additional resources that can assist when needed. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- Bermuda has implemented desk-based checks of the information reported by Financial Institutions that have been successful in identifying a significant number of cases of non-compliance, including the incorrect submission of undocumented accounts and failure to comply with AEOI Standard rules regarding TINs. In many cases, the issues were rectified by the Financial Institutions after being notified to them and, in others, Bermuda has imposed administrative sanctions. Bermuda also implemented an annual compliance certification form that every Reporting Financial Institution has been required to complete since 2021.
- In terms of more detailed reviews, Bermuda has defined its approach to require certain Reporting Financial Institutions to undergo onsite audits. This can be done by the Treaty Unit or by independent audit firms. The audits include the inspection of the records held and follow guidelines on the required contents of the reviews. The criteria and approval process for the Ministry to approve the independent reviewers have also been established and a significant number of reviews have been conducted.
- Bermuda follows up with Financial Institutions that report undocumented accounts and is ready to take effective action to address circumvention of the requirements if such circumvention is detected. As part of its annual compliance questionnaire, Bermuda plans to check to ensure self-certifications are obtained as required.
- Bermuda plans to keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review, in coordination with the Pension Commission, to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Bermuda has carried out substantial communication and outreach activities, such as providing online resources, including guidance on a website dedicated to the AEOI Standard, establishing a mailbox where Financial Institutions can contact the Treaty Unit and a technical support helpdesk where its software provider delivers technical assistance to Financial Institutions.
Verifying that Financial Institutions are reporting as required	Bermuda has carried out verification activities to ensure that Financial Institutions are reporting as required, such as outstanding filing analysis and comparison with the lists of regulated entities and of Foreign Financial Institution for FATCA purposes and identified many Financial Institutions incorrectly not reporting. Bermuda is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Bermuda has conducted a significant number of automated desk-based checks of reported information and identified several issues, such as in relation to the reporting of undocumented accounts and the failure to report TINs. It is following up on these issues to ensure future compliance. Bermuda has also conducted desk-based reviews to verify whether the information being reported is complete and accurate, in particular for Financial Institutions with lower rates of collection of Tax Identification Numbers and dates of birth and that reported in the annual compliance certification forms to not having policies and procedures in place, to verify that the due diligence procedures are being properly applied. Furthermore, Bermuda has required a significant number of in-depth compliance reviews by independent firms. Many of these have already taken place and the Tax Unit has conducted a few additional in-depth reviews. Bermuda accordingly identified many issues, commonly concerning accounts not reported or reported incorrectly. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Bermuda has imposed some administrative penalties and sanctions, and plans to continue imposing sanctions for identified cases of non-compliance. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Bermuda, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Bermuda nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Bermuda is aware of these issues and has taken steps to address them. The level of undocumented accounts in Bermuda appeared to be in line with most other jurisdictions.

Feedback from Bermuda's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Bermuda. Furthermore, two exchange partners highlighted issues with respect to the information received, such as missing accounts and abnormal variance in account balances.

Based on these findings it was concluded that, overall, Bermuda is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to addressing the issues raised by its exchange partners. Bermuda is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Bermuda should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Bermuda exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Bermuda implemented a process to either automatically or manually notify Reporting Financial Institutions of issues notified to them (i.e. under Section 4 of the MCAA or equivalent). Bermuda then reviews any corrected data from the Reporting Financial Institutions at least every two months and sends the new/amended data to its partners. While no such Section 4 of the MCAA or equivalent notifications have yet been received, Bermuda has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Bermuda is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Bermuda is therefore encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Bermuda's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Bermuda exchanges information non-reciprocally, so does not receive information. Bermuda is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted particular issues with respect to preparation and format of the information sent by Bermuda related to a correction file for an unknown record. More generally, one of Bermuda's exchange partners reported rejecting more than 25% of the files received, but not more than

50%, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Bermuda has already solved the issue raised.

Based on these findings it was concluded that Bermuda is fully meeting expectations in relation to sorting, preparing and validating the information. Bermuda is therefore encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Bermuda linked to the CTS.

Based on these findings it was concluded that Bermuda is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Bermuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Bermuda's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Bermuda and therefore with respect to Bermuda's implementation of this requirement.

Based on these findings it was concluded that Bermuda is fully meeting expectations in relation to exchanging the information in a timely manner. Bermuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Bermuda's exchange partners did not raise any concerns with respect to Bermuda's use of the agreed transmission methods and therefore with Bermuda's implementation of this requirement.

Based on these findings it was concluded that Bermuda is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Bermuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Bermuda exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Bermuda appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Bermuda's exchange partners and therefore with respect to Bermuda's implementation of these requirements.

Based on these findings it was concluded that Bermuda appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Bermuda is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Guernsey, the Isle of Man and the United Kingdom.

Brazil

This report analyses the implementation of the AEOI Standard in Brazil with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Brazil's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Brazil's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Brazil's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Brazil's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Brazil is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Brazil commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Brazil:

- enacted Decree nº 8,842 of 29 August 2016 (to promulgate the text of the Convention on Mutual Administrative Assistance in Tax Matters as amended by the Protocol of 1 June 2010 and the CRS Multilateral Competent Authority Agreement);
- introduced the Administrative Act *Instrução Normativa* - IN RFB nº 1.571 of 2 July 2015; the Administrative Act *Instrução Normativa* - IN RFB nº 1.680 of 28 December 2016; the Administrative Act *Instrução Normativa* - IN RFB nº 1.580 of 14 August 2015; the Administrative Act *Instrução Normativa* - IN RFB nº 1.764 of 22 November 2017; and Administrative Act *Instrução Normativa* - IN RFB nº 1905 of 5 August 2019; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts,

Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017, and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Brazil amended its legislative framework to address issues identified, effective from 5 August 2019.

With respect to the exchange of information under the AEOI Standard, Brazil is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Brazil that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Brazil requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Brazil's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	108
Financial Accounts reported in 2021	332 500

Table 2 sets out the number of exchange partners to which information was successfully sent by Brazil in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Brazil's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	56	67	69	76

In order to provide for the effective implementation of the AEOI Standard, in Brazil:

- the Federal Revenue of Brazil (FRB, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Brazil's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the systems of "E-Financeira" and "Sibratit", which is the interface between "E-Financeira" and the Common Transmission System (CTS); and
- the CTS is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Brazil's legal frameworks implementing the AEOI Standard concluded with the determination that Brazil's domestic and international legal frameworks are In Place. This has

been taken into account when reviewing the effectiveness of Brazil's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Brazil are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Brazil's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Brazil has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Brazil has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Brazil has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Brazil has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Brazil's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Brazil's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Brazil and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Brazil has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Brazil put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Brazil's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Brazil are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Brazil's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Brazil is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Brazil implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Brazil implemented a documented overarching strategy (“E-Financeira Integrity Plan”) to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information held by the tax authority and information provided by financial regulators. Brazil’s compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Brazil intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Brazil has worked to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the list of Financial Institutions maintained by the FRB for general tax administration purposes (where Tax Identification Numbers are mandatory for all Reporting Financial Institutions) and the Foreign Financial Institution list for FATCA purposes. Brazil is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Brazil intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Brazil’s compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Brazil has assigned the equivalent of seven full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Brazil effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Brazil has taken effective action to ensure self-certifications are obtained as required and to follow up on undocumented accounts. However, Brazil does not have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- It is noted that Brazil does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Brazil has carried out some communication and outreach activities, such as issuing detailed guidance for the Reporting Financial Institutions to comply with the requirements, setting up channels to answer questions from Reporting Financial Institutions and having seminars and orientation meetings with the stakeholders to promote compliance.
Verifying that Financial Institutions are reporting as required	Brazil has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking against the list of entities reporting information for FATCA purpose and the list of Financial Institutions regulated by the financial regulators in Brazil. It accordingly identified no issues.
Verifying whether the information reported is complete and accurate	Brazil has conducted some desk-based checks to verify whether the information being reported by some Reporting Financial Institutions is complete and accurate (e.g. cross-checking the tax residency information of the same taxpayer reported by different Reporting Financial Institutions). Furthermore, Brazil is in the process of conducting some in-depth audits to selected Reporting Financial Institutions, including review of their policies and procedures to implementing the requirements under the Standard and the inspection of records.

Activity type	Activities undertaken
Enforcement	Following the activities mentioned above, Brazil has imposed some penalties and sanctions. It is also monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Brazil, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. However, the presence of dates of birth was in line with most other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Information provided by Brazil also showed a significantly higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that Brazil is aware of these issues and is taking steps to address them.

Feedback from Brazil's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from Brazil. Furthermore, three exchange partners highlighted issues with respect to the information received, such as missing account information. Follow-up discussions confirmed that Brazil is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Brazil is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to follow-up procedures on undocumented accounts, and policies and procedures to address circumvention practices. Brazil is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Brazil should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Brazil should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Brazil implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Brazil received one notification from a partner and successfully processed it in a timely manner, resolving the issue raised. It also appears that Brazil will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Brazil is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Brazil is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

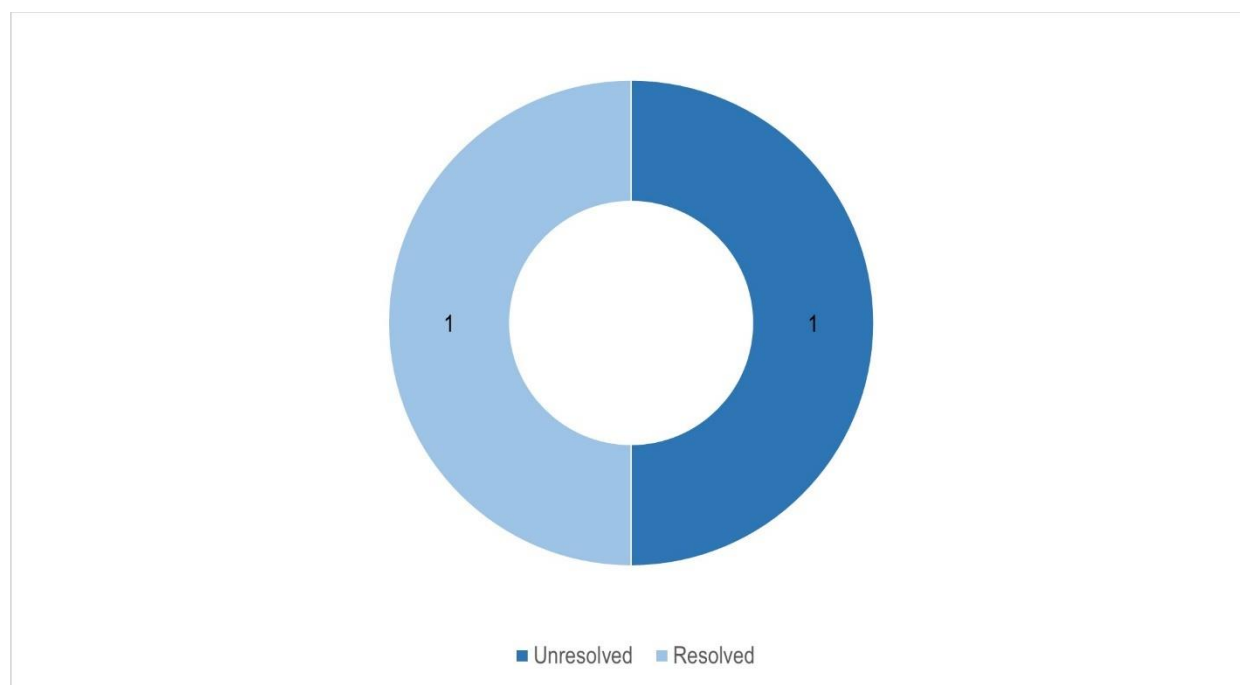
Brazil's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Brazil has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Brazil (representing 3% of its partners). More generally, three (or 4%) of Brazil's exchange partners reported rejecting more than 25% of the files received, of which two reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Brazil has already successfully addressed one of the issues and is in the process of addressing the other issue.

Figure 1. Technical issues raised by Brazil's exchange partners



Based on these findings it was concluded that, overall, Brazil is meeting expectations in relation to sorting, preparing and validating the information. Brazil is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

Brazil should continue to work with its exchange partner to address the issue raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Brazil linked to the CTS.

Based on these findings it was concluded that Brazil is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Brazil is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Brazil's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Brazil and therefore with respect to Brazil's implementation of this requirement.

Based on these findings it was concluded that Brazil is fully meeting expectations in relation to exchanging the information in a timely manner. Brazil is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Brazil's exchange partners did not raise any concerns with respect to Brazil's use of the agreed transmission methods and therefore with Brazil's implementation of this requirement.

Based on these findings it was concluded that Brazil is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Brazil is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Four exchange partners highlighted delays in the sending of status messages by Brazil, representing 4% of its partners. It was noted that Brazil appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Brazil is fully meeting expectations in relation to the receipt of the information. Brazil is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Brazil appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Brazil's exchange partners and therefore with respect to Brazil's implementation of these requirements.

Based on these findings it was concluded that Brazil appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Brazil is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

British Virgin Islands

This report analyses the implementation of the AEOI Standard in the British Virgin Islands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The British Virgin Islands' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the British Virgin Islands' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the British Virgin Islands' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The British Virgin Islands' implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While the British Virgin Islands is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

The British Virgin Islands commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2017 (i.e. it sends but it does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the British Virgin Islands:

- enacted the Mutual Legal Assistance (Tax Matters) (Amendment) (No.2) Act, 2015, as amended in 2018 and in 2022; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the British Virgin Islands made various amendments to its legislative framework to address issues identified, the last of which was effective from 1 June 2022.

With respect to the exchange of information under the AEOI Standard, the British Virgin Islands:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the British Virgin Islands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the British Virgin Islands requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the British Virgin Islands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	17 492
Financial Accounts reported in 2021	204 628

Table 2 sets out the number of exchange partners to which information was successfully sent by the British Virgin Islands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the British Virgin Islands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	50	64	67	65

In order to provide for the effective implementation of the AEOI Standard, in the British Virgin Islands:

- the International Tax Authority (the ITA, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the British Virgin Islands' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Financial Institutions to register into the BVIFARs portal and by performing automated and manual validations of the information reported by Reporting Financial Institutions; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the British Virgin Islands' legal frameworks implementing the AEOI Standard concluded with the determination that the British Virgin Islands' domestic and international legal

frameworks are In Place. This has been taken into account when reviewing the effectiveness of the British Virgin Islands' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the British Virgin Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The British Virgin Islands' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The British Virgin Islands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The British Virgin Islands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The British Virgin Islands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The British Virgin Islands has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The British Virgin Islands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchanges with all of the British Virgin Islands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the British Virgin Islands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The British Virgin Islands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The British Virgin Islands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The British Virgin Islands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the British Virgin Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

The British Virgin Islands' implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while the British Virgin Islands is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to the British Virgin Islands ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). The British Virgin Islands should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the British Virgin Islands implemented some of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- The British Virgin Islands has developed a compliance strategy to ensure that Financial Institutions correctly implement the requirements under the AEOI Standard in practice. It has also performed communication and educational activities, such as issuing guidance to assist Financial Institutions with their obligations under the AEOI Standard.
- The British Virgin Islands has conducted a risk assessment that takes into account a range of relevant information sources, such as the information reported by Reporting Financial Institutions, information provided by the regulator, information received from partner jurisdictions and the nature and size of the business operated by the Financial Institutions.
- The British Virgin Islands has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, requiring all Financial Institutions to register into the BVIFARs portal and to classify themselves as Reporting Financial Institutions or Non-Reporting Financial Institutions. It compares this list against other relevant information sources, such as the list of Financial Institutions held by the financial regulator and the Foreign Financial Institution list for FATCA purposes. It also uses its domestic BOSSs portal, which contains information about the business operated by certain entities which can indicate whether they have reporting obligations under the AEOI Standard. The British Virgin Islands also performs sample checks to verify the correct classification of the Financial Institutions to ensure they are reporting as required. The British Virgin Islands intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The ITA appears to have the necessary powers to discharge its functions, including powers to access records held by Reporting Financial Institutions. With respect to resourcing, the ITA also appears to have allocated the necessary resources to discharge its functions. It has assigned the equivalent to eight full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. The ITA has also assigned seven full time staff to carry out the exchanges with partner jurisdictions and to work on registration of the Financial Institutions. There is an administrative team of 13 members to support the previously mentioned functions.
- The British Virgin Islands has developed procedures to review and verify the compliance of Reporting Financial Institutions with all aspects of the AEOI Standard, including procedures to carry out in-depth reviews and the access of records held by Reporting Financial Institutions. The British Virgin Islands has developed a procedure whereby it performs reviews through desk-based audits, to account for the nature of the British Virgin Islands' Financial Institutions, of which many are located outside of the jurisdiction. It has carried out some of these reviews and has accessed some underlying account records to verify compliance with the AEOI Standard. It has also identified some cases that are going to be subject to reviews through onsite visits, and has started to carry out a limited number of them.
- The British Virgin Islands has put in place a process to receive information from the AML regulator, including information gained from inspections carried out by that regulator. However, only a small proportion of entities that are Financial Institutions for purposes of the AEOI Standard are also regulated for AML purposes and the information received will only be for intelligence gathering purposes rather than for direct verification of compliance with the requirements of the AEOI Standard, in particular related to the identification of Controlling Persons.

- In order to enforce the requirements, the British Virgin Islands appears to have procedures for the referral of non-compliance to its legal unit for the application of criminal sanctions and has started such procedure in some cases, although these cases have not yet been finalised. The British Virgin Islands is developing administrative penalties and sanctions as an alternative and is yet to develop the procedures to apply them.
- The British Virgin Islands has plans to review whether self-certifications are obtained as required and has reviewed a limited number of self-certifications obtained with respect to particular accounts based on a random selection of accounts reported. It appears that the reviews will include a particular focus on self-certifications obtained after the opening of an account.
- The British Virgin Islands follows up with Reporting Financial Institutions that report undocumented accounts. The British Virgin Islands also appears ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- It is noted that the British Virgin Islands does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The British Virgin Islands has carried out communication and outreach activities, such as the publication of guidance to assist Financial Institutions with their obligations under the AEOI Standard.
Verifying that Financial Institutions are reporting as required	The British Virgin Islands has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as reviewing the financial regulator list, the Foreign Financial Institution list for FATCA purposes and has conducted sample checks to verify the correct classification of the entities. It is further investigating some Financial Institutions that might be incorrectly not reporting.
Verifying whether the information reported is complete and accurate	The British Virgin Islands has conducted some reviews through desk-based audits and has accessed some underlying account records. It has identified cases that will be subject to more in-depth reviews through onsite visits and has started to carry out a limited number of them.
Enforcement	The British Virgin Islands has not yet imposed penalties and sanctions, but the ITA is currently in the process of investigating those Reporting Financial Institutions that have not provided the written policies and procedures requested by the ITA to take relevant enforcement actions. It is also in the process of taking action with respect to Financial Institutions that have not classified themselves as Reporting Financial Institutions as they should have.

Although the British Virgin Islands indicates that it uses information on the proportion of Financial Accounts reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them to inform its compliance strategy, this information is gathered on an ad-hoc and manual basis and it does not yet have the ability to provide overall statistics. The British Virgin Islands is currently working with its IT provider to be able to provide this information in the near future. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented.

Information provided by the British Virgin Islands showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it was not possible for the Reporting Financial Institution to identify whether the accounts are held by Reportable Persons. However, follow-up actions undertaken by the British Virgin Islands on undocumented accounts reported until 2019 had confirmed that the number of undocumented accounts

that should have been reported as such is considerably lower. The British Virgin Islands is taking follow-up actions to ensure correct reporting, following which the proportion of undocumented accounts would be in line with most other jurisdictions. The number of undocumented accounts has reduced over time.

More generally, many of the exchange partners that received a significant number of records from British Virgin Islands indicated that they achieved a success rate when matching the information received from British Virgin Islands with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that the British Virgin Islands is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to the extent of the implementation of the British Virgin Islands' compliance strategy and verification activities, its monitoring of key information points such as Tax Identification numbers and dates of birth and with respect to the enforcement procedures. The British Virgin Islands should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The British Virgin Islands should ensure it continues to implement its plan to verify compliance, including by expanding the number verification activities to ensure Reporting Financial Institutions are complying with all aspects of their due diligence obligations.

The British Virgin Islands should actively monitor the interaction between its AML and AEOI frameworks to ensure that the collection and reporting of information under the AEOI Standard is in accordance with the requirements.

The British Virgin Islands should further implement its procedures to monitor and verify whether Reporting Financial Institutions are obtaining self-certifications as required, ensuring that the self-certifications contain all required information.

The British Virgin Islands should develop and implement administrative procedures to enable effective enforcement and appropriate sanctions when non-compliance is detected.

The British Virgin Islands should implement systems to collect and monitor information on the reporting of Tax Identification Numbers and dates of birth to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as the British Virgin Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that the British Virgin Islands implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the British Virgin Islands has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that the British Virgin Islands is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The British Virgin Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The British Virgin Islands' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), most of the requirements in relation to correctly transmitting the information in a timely manner (SRs 2.5 and 2.7) and providing corrections, amendments or additions to the information (SR 2.9). However, some issues were found with respect to exchanging information in a timely manner with all exchange partners (SR 2.6). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as the British Virgin Islands exchanges information non-reciprocally, so does not receive information. The British Virgin Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Four (or 6%) of the British Virgin Islands' exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions, although it has reduced over time. It was noted that the British Virgin Islands is taking action to successfully address all of the issues.

Based on these findings it was concluded that, overall, the British Virgin Islands is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to the processes to sorting, preparing and validating the information. The British Virgin Islands is therefore encouraged to continue its implementation process accordingly, including in relation to the areas highlighted.

Recommendations:

The British Virgin Islands should continue to engage with its exchange partners to ensure the issues raised are addressed.

The British Virgin Islands should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the British Virgin Islands linked to the CTS.

Based on these findings it was concluded that the British Virgin Islands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The British Virgin Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Five exchange partners highlighted delays in the sending of information by the British Virgin Islands (representing 7% of its partners). This represents a very high proportion of exchange partners and has not improved over time. It was noted that the British Virgin Islands successfully addressed most of the issues and is working to send the corresponding information to the remaining partner.

Based on these findings it was concluded that, overall, the British Virgin Islands is meeting expectations in relation to exchanging the information in a timely manner. It was also noted that there is room for improvement with respect to sending information in a timely manner. The British Virgin Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

The British Virgin Islands should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the British Virgin Islands exchange partners did not raise any concerns with respect to the British Virgin Islands use of the agreed transmission methods and therefore with the British Virgin Islands' implementation of this requirement.

Based on these findings it was concluded that the British Virgin Islands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The British Virgin Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as the British Virgin Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The British Virgin Islands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the British Virgin Islands' exchange partners and therefore with respect to the British Virgin Islands' implementation of these requirements.

Based on these findings it was concluded that the British Virgin Islands appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The British Virgin Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The Virgin Islands has been committed to implemented in the AEOI standard from inception as an early adopter. It had completed its legislative framework and put in place IT capabilities to ensure that it was able to collect and exchange information by the first exchanges in 2017. Unfortunately, the Virgin Islands was significantly impacted by Hurricanes Irma and Maria which hindered its ability to exchange the required information and to also take steps to ensure compliance of all FIs with the standard. As the information for the 2017 exchanges had already been collected before the Hurricanes hit, the Virgin Islands was able to establish a makeshift connection to CTS and exchange information with its partners in early 2018. Following this no further work could be done with regard to AEOI due to the damages to infrastructure etc. The International Tax Authority (ITA) who is responsible for exchange of information was not operation until early 2020 when it was able to find suitable office accommodations to restart its operations after the Hurricanes. During the hiring process (as the ITA had lost a significant portion of its staff following the Hurricanes) the World was affected by the Global Pandemic which again hindered the ITA's ability to hire persons in its new Compliance Unit. The ITA was however, able to engage personnel and continue its work later in 2020. In 2021 significant strides were made with regard to compliance and these have been reflected in the report above, While we recognise that we have been significantly hampered in implementing the standard we are of the view that the Virgin Islands has made significant strides despite the unique challenges it has faced since 2017. The Virgin Islands remains committed to meeting its obligations and will continue to work toward the implementation of the AEOI standard.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Guernsey, the Isle of Man and the United Kingdom.

Brunei Darussalam

This report analyses the implementation of the AEOI Standard in Brunei Darussalam with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Brunei Darussalam's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Brunei Darussalam's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Brunei Darussalam's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Brunei Darussalam's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Brunei Darussalam is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Brunei Darussalam committed to commence exchanges under the AEOI Standard in 2018. However, its implementation of the Standard was delayed and Brunei Darussalam subsequently exchanged in 2020 the information that was due to be exchanged in 2018, 2019 and 2020. Brunei Darussalam exchanges information on a non-reciprocal basis (i.e. Brunei Darussalam sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Brunei Darussalam:

- enacted Income Tax Act (Amendment) No. 3 Order, 2017;
- issued Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2017; and
- published further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Brunei Darussalam is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Brunei Darussalam that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Brunei Darussalam requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Brunei Darussalam's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	13
Financial Accounts reported in 2021	8 228

Table 2 sets out the number of exchange partners to which information was ultimately successfully sent by Brunei Darussalam, noting that the exchanges in 2020 included information due to be sent in prior years (this also includes where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Brunei Darussalam's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	27	27	33	41

In order to provide for the effective implementation of the AEOI Standard, in Brunei Darussalam:

- the Collector of Income Tax, Revenue Division of the Ministry of Finance and Economy (part of the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Brunei Darussalam's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by developing a secured portal where the Financial Institutions submit their required information; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Brunei Darussalam's legal frameworks implementing the AEOI Standard concluded with the determination that Brunei Darussalam's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Brunei Darussalam's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Brunei Darussalam are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Brunei Darussalam's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Brunei Darussalam has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Brunei Darussalam has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Brunei Darussalam has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Brunei Darussalam has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Brunei Darussalam's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Brunei Darussalam's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Brunei Darussalam and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Brunei Darussalam has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Brunei Darussalam put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Brunei Darussalam's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Brunei Darussalam are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Brunei Darussalam's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Brunei Darussalam is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Brunei Darussalam should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Brunei Darussalam implemented some of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Brunei Darussalam has an overarching strategy to ensure compliance with the AEOI Standard based on a risk assessment that takes into account relevant information sources to inform its compliance activities.
- Brunei Darussalam relies on several information sources to identify all Financial Institutions for the purposes of the AEOI Standard; e.g. the list of regulated financial institutions, the Foreign Financial Institution list for FATCA, the business register, as well as information from trusts and company service providers.
- The tax authority responsible for implementing Brunei Darussalam's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Brunei Darussalam has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, in addition to allocating an IT budget. The tax authority confirmed that the adequacy of the resources allocated will be reviewed in the context of the implementation of the strategy.
- Brunei Darussalam has started questionnaire-based compliance activities to verify the correct classification as Reporting Financial Institutions, as well as to verify that the information reported is complete and accurate, including following up on undocumented accounts in the context of such audits.
- Brunei Darussalam does not have comprehensive procedures in place to address circumvention of the AEOI Standard.
- Brunei Darussalam plans to annually review its list of Excluded Accounts to ensure they continue to pose a low risk of being used for tax evasion (Brunei Darussalam does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Brunei Darussalam has carried out substantial communication and outreach activities, such as guidance on a dedicated website, conducting AEOI workshops and direct communication with Financial Institutions to answer queries.
Verifying that Financial Institutions are reporting as required	Brunei Darussalam has started 167 questionnaire-based compliance activities to verify the correct classification as Reporting Financial Institutions.
Verifying whether the information reported is complete and accurate	Brunei Darussalam has started six questionnaire-based compliance activities to verify that the information reported is complete and accurate, including following up on undocumented accounts in the context of such audits.
Enforcement	Brunei Darussalam has not yet implemented penalties or sanctions.

With respect to the Financial Account information collected and sent by Brunei Darussalam, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. While the information provided by Brunei Darussalam had shown a relatively high number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, meaning that it was not possible for the Reporting Financial Institution to identify whether

the accounts were held by Reportable Persons, the number of undocumented accounts has reduced substantially over time.

One exchange partner highlighted issues with respect to a high number of missing and incorrect Tax Identification Numbers in the information received from Brunei Darussalam. Follow-up discussions confirmed that Brunei Darussalam is aware of these issues and is seeking to improve the situation, including by approaching Reporting Financial Institutions as needed. More generally, many of the exchange partners that received a significant number of records from Brunei Darussalam indicated that they achieved a success rate when matching the information received from Brunei Darussalam with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Brunei Darussalam is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to implementing the compliance and verification activities, as well as enforcement procedures. Brunei Darussalam should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Brunei Darussalam should commence in-depth compliance, including appropriate verification of underlying documentation.

Brunei Darussalam should commence enforcement activities where non-compliance is identified.

Brunei Darussalam should develop and implement a comprehensive policy that provides that, where circumvention is identified, action is taken to address it.

Brunei Darussalam should commence to systematically follow up on Reporting Financial Institutions reporting undocumented accounts.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Brunei Darussalam exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

Brunei Darussalam has put in place procedures to collaborate on compliance and enforcement, in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent). No such notifications have yet been received.

Based on these findings it was concluded that Brunei Darussalam is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

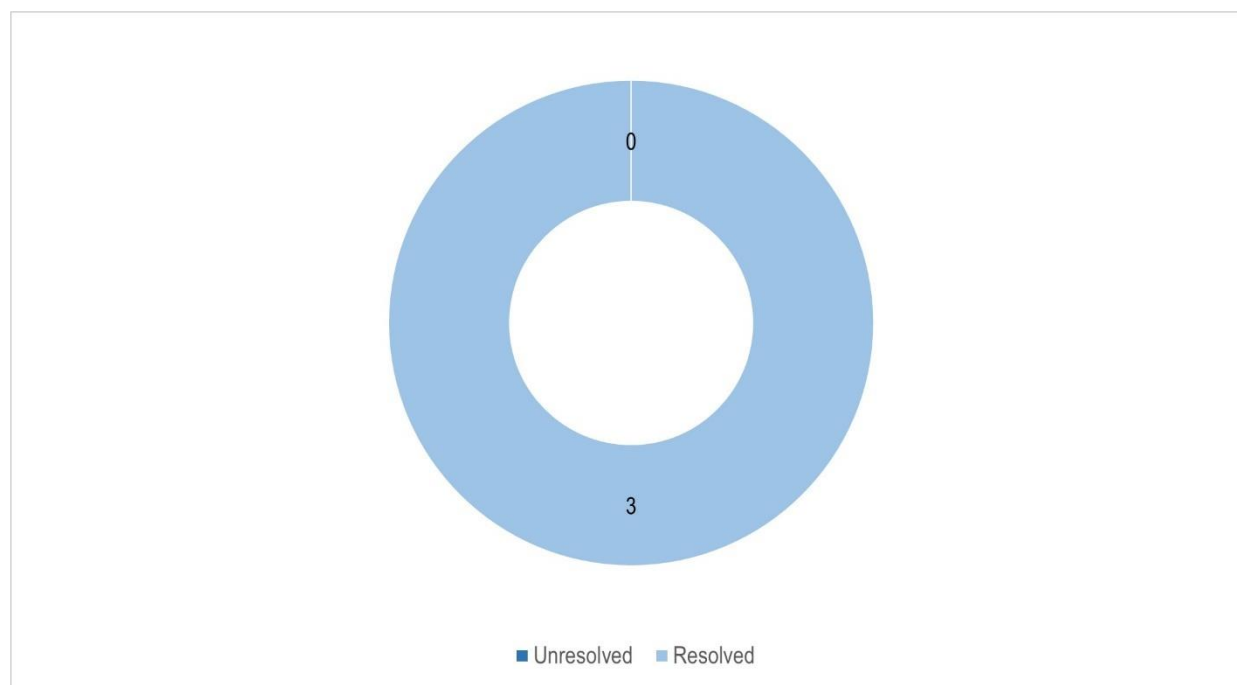
Brunei Darussalam's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Brunei Darussalam exchanges information non-reciprocally, so does not receive information. Brunei Darussalam is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Brunei Darussalam (representing 5% of its partners). These generally related to schema validation. More generally, 10 (or 19%) of Brunei Darussalam's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met, although only one rejected more than 50% of files received. This is a very high amount when compared to other jurisdictions. Brunei Darussalam has generally addressed and solved the issues.

Figure 1. Technical issues raised by Brunei's exchange partners



Based on these findings it was concluded that, overall, Brunei Darussalam is meeting expectations in relation to sorting, preparing and validating the information. Brunei Darussalam is encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Brunei Darussalam should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Brunei Darussalam linked to the CTS.

Based on these findings it was concluded that Brunei Darussalam is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Brunei Darussalam is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Brunei Darussalam's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Brunei Darussalam and therefore with respect to Brunei Darussalam's implementation of this requirement.

Based on these findings it was concluded that Brunei Darussalam is fully meeting expectations in relation to exchanging the information in a timely manner. Brunei Darussalam is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Brunei Darussalam's exchange partners did not raise any concerns with respect to Brunei Darussalam's use of the agreed transmission methods and therefore with Brunei Darussalam's implementation of this requirement.

Based on these findings it was concluded that Brunei Darussalam is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Brunei Darussalam is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Brunei Darussalam exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Feedback from Brunei Darussalam's exchange partners did not raise any concerns with respect to Brunei Darussalam's response to notifications or provision of corrected, amended or additional information and therefore with respect to Brunei Darussalam's implementation of these requirements.

Based on these findings it was concluded that Brunei Darussalam appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Brunei Darussalam is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Bulgaria

This report analyses the implementation of the AEOI Standard in Bulgaria with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Bulgaria's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Bulgaria's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Bulgaria's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Bulgaria's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Bulgaria is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Bulgaria commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Bulgaria:

- enacted Art. 142a to Art. 142y of the Tax and Social Security Procedure Code (TSSPC), §1a of the Additional Provisions of the TSSPC;
- enacted Order ZCU-1576/18.12.2015 of the Executive Director of the National Revenue Agency as amended by Order № ZCU-720/22.05.2018 of the Executive Director of the National Revenue Agency;
- introduced § 55 - § 66 of the Transitional and Concluding Provisions; and
- made reference to §2 of the Supplementary Provisions of the Measures Against Money Laundering Act implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts,

Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Bulgaria amended its legislative framework to address an issue identified, effective from 22 May 2018.

With respect to the exchange of information under the AEOI Standard, Bulgaria:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Bulgaria that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Bulgaria requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Bulgaria's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	77
Financial Accounts reported in 2021	265 013

Table 2 sets out the number of exchange partners to which information was successfully sent by Bulgaria in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Bulgaria's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	60	65	71	73

In order to provide for the effective implementation of the AEOI Standard, in Bulgaria:

- the National Revenue Agency (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Bulgaria's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the National Revenue Agency which developed an e-service on its website for this purpose; and

- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Bulgaria's legal frameworks implementing the AEOI Standard concluded with the determination that Bulgaria's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Bulgaria's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Bulgaria are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Bulgaria's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Bulgaria has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Bulgaria has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Bulgaria has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Bulgaria has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Bulgaria's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Bulgaria's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Bulgaria and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Bulgaria has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Bulgaria put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Bulgaria's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Bulgaria are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Bulgaria's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Bulgaria should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Bulgaria implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Bulgaria implemented an overarching strategy after conducting a risk assessment that took into account relevant information sources, such as analysing the AEOI returns submitted by the Financial Institutions as well as the results of desk-based reviews. Bulgaria's Competent Authority has adopted a three-year compliance operational plan, based on its risk assessment, which is updated regularly and includes the activities that should be performed, the terms and the responsible officers. Bulgaria's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Bulgaria intends to keep its compliance strategy under review to ensure its effectiveness on an ongoing basis.
- Bulgaria has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of regulated entities, the Foreign Financial Institutions list for FATCA purposes, information from the CRS compliance questionnaire and information from Reporting Financial Institutions on entities that have self-certified to them that they are Financial Institutions. Bulgaria is taking action to ensure Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Bulgaria intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Bulgaria's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Bulgaria has assigned the equivalent of 1.2 full time staff to monitor and ensure compliance by Reporting Financial Institutions.
- Bulgaria has started to enforce the requirements, including through the inspection of records of Reporting Financial Institutions. The activities include a series of bilateral meetings with Reporting Financial Institutions on key compliance areas, such as the interaction between the AML framework, the AEOI Standard and the required due diligence procedures. Bulgaria has also started to carry out onsite audits and appears to have taken effective action to ensure self-certifications are obtained as required and to follow up on undocumented accounts. Bulgaria appears ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Bulgaria will keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Bulgaria has carried out communication and outreach activities. The tax authority has regular communication with the Financial Institutions by way of emails, calls and face-to-face meetings. The tax authority has also organized several meetings, seminars, online events and discussions with Reporting Financial Institutions to ensure that they understand their obligations under the AEOI Standard. The tax authority has also created

Activity type	Activities undertaken
Verifying that Financial Institutions are reporting as required	a dedicated webpage with relevant information to AEOI, including legislation, lists of reportable and participating jurisdictions, CBI/RBI guidance and guidance for the preparation of reports etc. Bulgaria has started to carry out verification activities to ensure that Financial Institutions are reporting as required. It has sent questionnaires to its Financial Institutions to gather information on the application of the Standard, held face-to-face meetings with the main financial institutions and sent precise requests for information. It is currently using the information gathered to identify risks and weaknesses in Financial Institution compliance.
Verifying whether the information reported is complete and accurate	Bulgaria has started to conduct desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Bulgaria has recently started to conduct onsite audits to Financial Institutions.
Enforcement	Following the activities mentioned above, Bulgaria has not yet imposed penalties and sanctions, but has plans to do so in the near future.

With respect to the Financial Account information collected and sent by Bulgaria, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. These are key data points for exchange partners to effectively utilise the information.

Four exchange partners highlighted issues with respect to the information received, such as high numbers of invalid Tax Identification Numbers and high variances in the information exchanged each year. More generally, Bulgaria's exchange partners indicated that compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively low level of success when seeking to match information received from Bulgaria with their taxpayer database. Follow-up discussions confirmed that Bulgaria is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Bulgaria is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to further implementing and expanding its activities to verify and ensure that Reporting Financial Institutions are correctly conducting their due diligence and reporting obligations and addressing the issues raised by its exchange partners. Bulgaria should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Bulgaria should continue to implement and expand its activities to verify and ensure that Reporting Financial Institutions are correctly conducting their due diligence and reporting obligations.

Bulgaria should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Bulgaria implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Bulgaria received notifications from one partner and

successfully processed it in a timely manner, resolving the issues raised. It also appears that Bulgaria will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Bulgaria is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Bulgaria is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

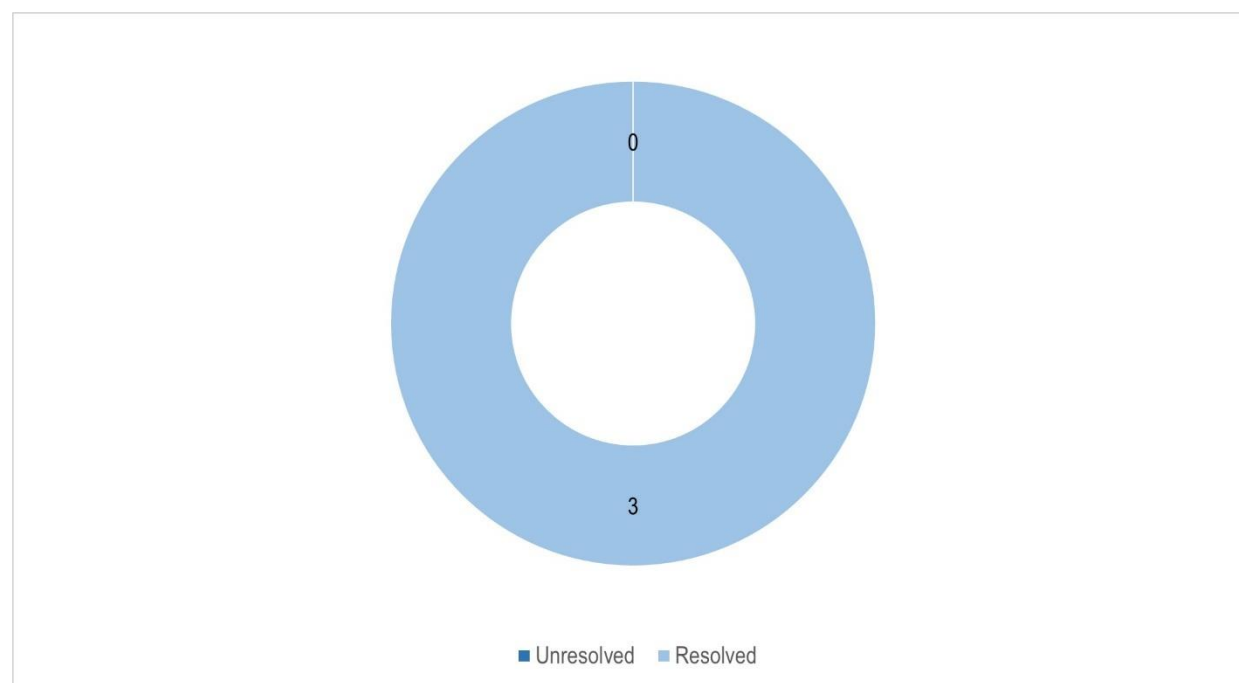
Bulgaria's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Bulgaria has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Bulgaria (representing 4% of its partners). These generally related to formatting issues. More generally, six (or 8%) of Bulgaria's exchange partners reported rejecting more than 25% of the files received, although not more than 50%, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions. It was noted that Bulgaria has already successfully addressed all of the issues

Figure 1. Technical issues raised by Bulgaria's exchange partners



Based on these findings it was concluded that, overall, Bulgaria is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to properly preparing and formatting the information. Bulgaria is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Bulgaria should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Bulgaria linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Bulgaria is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Bulgaria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Bulgaria's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Bulgaria and therefore with respect to Bulgaria's implementation of this requirement.

Based on these findings it was concluded that Bulgaria is fully meeting expectations in relation to exchanging the information in a timely manner. Bulgaria is encouraged to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Bulgaria's exchange partners did not raise any concerns with Bulgaria's use of the agreed transmission methods and therefore with Bulgaria's implementation of this requirement.

Based on these findings it was concluded that Bulgaria is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Bulgaria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Bulgaria's exchange partners did not raise any concerns with respect to Bulgaria's receipt of the information and therefore with Bulgaria's implementation of these requirements.

Based on these findings it was concluded that Bulgaria is fully meeting expectations in relation to the receipt of the information. Bulgaria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Bulgaria appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Bulgaria's exchange partners and therefore with respect to Bulgaria's implementation of these requirements.

Based on these findings it was concluded that Bulgaria appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Bulgaria is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Canada

This report analyses the implementation of the AEOI Standard in Canada with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Canada's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Canada's international legal framework to exchange the information with all of Canada's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, Canada's legislative framework does not incorporate the definition of Investment Entity in line with the requirements and provides for a jurisdiction-specific Non-Reporting Financial Institution that does not meet the requirements.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Canada's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Canada is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Canada commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Canada:

- enacted Part XIX of the Income Tax Act (ITA);
- Introduced Sections 9005 and 9006 of the Income Tax Regulations; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete due diligence procedures on High Value Individual Accounts by 31 December 2018 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2019.

Following the initial Global Forum peer review, Canada amended its legislative framework to address issues identified, effective from 10 July 2020.

With respect to the exchange of information under the AEOI Standard, Canada:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place two bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in Canada that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Canada requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Canada's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 887
Financial Accounts reported in 2021	1 796 332

Table 2 sets out the number of exchange partners to which information was sent successfully by Canada in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Canada's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	56	59	57	66

In order to provide for the effective implementation of the AEOI Standard, in Canada:

- the Canada Revenue Agency (the CRA, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Canada's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place via "Web Forms applications or CRA Internet file transfer (XML)"; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Canada's legal frameworks implementing the AEOI Standard concluded with the determination that Canada's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Canada's implementation of the AEOI Standard in practice and where

particular identified gaps in Canada's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Canada are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Canada's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1). More specifically, Canada's legislative framework does not incorporate the definition of Investment Entity in line with the requirements, and provides for a jurisdiction-specific Non-Reporting Financial Institution that does not meet the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Canada has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Canada's legislative framework does not fully incorporate the definition of Investment Entity in line with the requirements. In addition, Canada's legislative framework provides for a jurisdiction-specific Non-Reporting Financial Institution that does not meet the requirements. The definition of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Canada should amend its domestic legislative framework to ensure that its definition of Investment Entity includes all relevant Entities, not only those promoting or representing themselves to the public as an investment vehicle.

Canada should amend its domestic legislative framework to remove Labour Sponsored Venture Capital Corporations (LSVCCs) from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements, including not being established to provide benefits upon retirement, disability or death and not having limits on the contributions as required.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Canada has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Canada has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Canada has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Canada's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Canada's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Canada and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Canada has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Canada put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Canada's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Canada would like to reiterate its commitment to the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) in promoting and monitoring the effective implementation of the international standards of transparency and exchange of information for tax purposes. Canada would also like to express its appreciation for the work of the Assessment Panel, the Global Forum Secretariat and the Automatic Exchange of Information (AEOI) Peer Review Group (APRG) for their work on the review of the implementation of the AEOI legal frameworks.

Canada takes its commitment to the AEOI Standard very seriously, and is making every effort to implement it in a timely and effective manner, in terms of both its legislative framework and in practice.

Regarding the recommendation concerning investment entities, Canada does not agree with the recommendation. Canada believes that its legislative framework is consistent with the AEOI Standard regarding the definition of investment entities. More specifically, Canada believes that the review process did not sufficiently take into account the last part of the definition of investment entities that says the definition of the term "Investment Entity" shall be interpreted in a manner consistent with similar language set forth in the definition of "financial institution" in the Financial Action Task Force Recommendations.

Further, Canada is concerned that treating closely-held professionally-managed entities that hold passive assets as investment entities, where the "account holders" are the same as the people responsible for conducting due diligence and reporting on non-resident account holders, risks weakening the integrity of the AEOI Standard. It is generally a better approach to treat such an entity as a passive Non-Financial Entity, so that the custodial institution where the entity holds its assets is responsible for due diligence and reporting.

Regarding the recommendation concerning LSVCCs, Canada believes that the unique features of LSVCCs mean that they present a low risk of being used by non-residents to evade taxes or hide assets. Nonetheless, Canada understands the reasons for the recommendation and will consider how to proceed.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Canada are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Canada's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Canada is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Canada implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Canada has in place an overarching strategy, the "FI Compliance Strategy", to ensure compliance with the AEOI Standard, developed after conducting a risk assessment that took into account a range of relevant information sources, such as information from financial regulators, industry associations and feedback from exchange partners. Canada intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.

- Canada has worked to understand its population of Financial Institutions, utilising various relevant information sources, such as lists of regulated entities from the financial regulators, e.g. Financial Institutions regulated by the Office of the Superintendent of Financial Institutions (OSFI); lists of entities registered with the Canada Revenue Agency that identified themselves as Financial Institutions based on the North American Industry Classification System (NAICS) codes; and the Foreign Financial Institution list for FATCA purposes. Canada is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Canada intends to keep its understanding of its Financial Institutions population up to date on a routine basis. It is noted that Canada's activities will be limited with respect to non-regulated Financial Institutions due to the issues identified during the assessment of Canada's legal framework implementing the AEOI Standard.
- The institution responsible for implementing Canada's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Canada has assigned eight full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments, and has plans to hire eight additional staff as regional auditors for compliance activities including onsite audits.
- It appears that Canada effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions to non-compliance. Canada is ready to take effective action to address circumvention of the requirements if such circumvention is detected, to ensure self-certifications are obtained as required and to follow up on undocumented accounts. However, there does not appear to be a formalised plan or activity undertaken to ensure that Reporting Financial Institutions correctly apply the requirements of the AEOI Standard where these requirements are only included in Canada's non-binding guidance. It is noted that Canada intends to conduct further such activities in the near future.
- Canada will keep its jurisdiction-specific lists of Non-reporting Financial Institutions and Excluded Accounts under review to ensure they continue to present a low-risk of being used for tax evasion purposes. Canada has one category of Non-Reporting Financial Institutions that has been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Canada has carried out some communication and outreach activities, such as webinars, regular meetings with financial industry associations and their members (at least once or twice a year) and keeps its guidance and samples of self-certification forms up-to-date. In addition, Financial Institutions and Account Holders can contact the tax administration through a dedicated mailbox if they have questions or comments.
Verifying that Financial Institutions are reporting as required	Canada has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as requiring Financial Institutions to complete a detailed questionnaire to determine if they have reporting obligations, and identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Canada has conducted some desk-based checks, including inspection of records maintained by the Reporting Financial Institutions, to verify whether the information being reported is complete and accurate. Furthermore, Canada has not yet conducted in-depth audits or onsite

Activity type	Activities undertaken
	visits but there are plans to do so in the near future.
Enforcement	Following the activities mentioned above, Canada has not yet imposed penalties and sanctions, but there are plans to do so in the near future, although late filing penalty for failure to file a record on time is automatically applied.

With respect to the Financial Account information collected and sent by Canada, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. However, information reported by Canada showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that Canada is aware of these issues and is taking steps to address them.

Three exchange partners highlighted issues with respect to the information received, such as errors in the account information. Follow-up discussions confirmed that Canada is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Canada indicated that they achieved a success rate when matching the information received from Canada with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Canada is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the monitoring of the application to provisions contained only in non-binding guidance to ensure they are effectively applied in practice. Canada is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Canada should monitor the application of the provisions contained only in non-binding guidance to ensure they are applied effectively in practice.

Canada should continue to implement and expand its activities to verify and ensure that Reporting Financial Institutions are correctly conducting their due diligence and reporting obligations.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Canada has in place effective procedures to implement all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Canada received a notification from one partner and successfully processed it in a timely manner, resolving the issue raised. It also appears that Canada will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Canada is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Canada is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Canada's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Canada is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Canada's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Canada and therefore with respect to Canada's implementation of these requirements. More generally, one of Canada's exchange partners reported rejection of more than 25%, but no more than 50%, of the files received due to technical requirements not being met. This is a relatively low amount when compared with other jurisdictions.

Based on these findings it was concluded that Canada is fully meeting expectations in relation to sorting, preparing and validating the information. Canada is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Canada linked to the CTS.

Based on these findings it was concluded that Canada is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Canada is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Canada, and stated that the information has still not been received. It was noted that Canada has still not yet sent some of the information due to be exchanged in 2021, as well as information that was due to be exchanged in prior years in some cases.

Based on these findings it was concluded that, overall, Canada is meeting expectations in relation to exchanging information in a timely manner. It was also noted that there is room for improvement with respect to the timeliness of the exchanges. Canada is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Canada should ensure that it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Canada's exchange partners did not raise any concerns with respect to Canada's use of the agreed transmission methods and therefore with Canada's implementation of this requirement.

Based on these findings it was concluded that Canada is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Canada is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Five exchange partners highlighted delays in the sending of status messages by Canada, representing 5% of its partners. This represents a relatively high proportion of partners. Canada has still not yet sent some of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that, overall, Canada is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to timeliness of sending status messages. Canada is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Canada should ensure it sends Status Messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Canada appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Canada's exchange partners and therefore with respect to Canada's implementation of these requirements.

Based on these findings it was concluded that Canada appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Canada is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Canada would like to reiterate its commitment to the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) in promoting and monitoring the effective implementation of the international standards for transparency and exchange of information for tax purposes.

We also want to express our appreciation for the work of the Assessment Panel, the Global Forum Secretariat and the Automatic Exchange of Information (AEOI) Peer Review Group (APRG) for their work on the review of the implementation of the international Standard for Automatic Exchange of Financial Account Information in Tax Matters.

Canada's overall rating of "On Track" for its effective implementation of the AEOI Standard in practice reflects the efforts and commitment of the entire team during the past couple of challenging years due to the COVID-19 Pandemic.

The constructive recommendations of the Global Forum will help focus our efforts and further improve our implementation of the standard and the quality of the data exchanged.

Note

¹ With Hong Kong (China) and Singapore. Canada has also activated a relationship under the CRS MCAA with Singapore.

Cayman Islands

This report analyses the implementation of the AEOI Standard in the Cayman Islands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Cayman Islands' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Cayman Islands' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the Cayman Islands' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Cayman Islands' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). The Cayman Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

The Cayman Islands commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2017 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Cayman Islands:

- enacted the Tax Information Authority Law (2017 Revision);
- introduced the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, (2018 Revision), further amended in 2020;
- published further guidance, most recently revised March 2018, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Cayman Islands amended its legislative framework to address an issue identified, effective from 15 March 2018.

With respect to the exchange of information under the AEOI Standard, the Cayman Islands:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the Cayman Islands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Cayman Islands requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Cayman Islands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	19 097
Financial Accounts reported in 2021	450 071

Table 2 sets out the number of exchange partners to which information was successfully sent by the Cayman Islands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Cayman Islands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	64	70	73

In order to provide for the effective implementation of the AEOI Standard in the Cayman Islands:

- the Department of International Tax Cooperation (DITC) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Cayman Islands' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with the DITC's AEOI Portal, through which returns may be uploaded by XML file; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Cayman Islands' legal frameworks implementing the AEOI Standard concluded with the determination that the Cayman Islands' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Cayman Islands' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Cayman Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Cayman Islands' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Cayman Islands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Cayman Islands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Cayman Islands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Cayman Islands has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Cayman Islands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Cayman Islands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Cayman Islands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Cayman Islands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Cayman Islands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Cayman Islands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Cayman Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The Cayman Islands' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The Cayman Islands is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Cayman Islands implemented all of the requirements in accordance with expectations. The key findings were as follows:

- The Cayman Islands has implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, including the nature of its financial services industry and information from the Monetary Authority. The Cayman Islands has established a risk register which identifies strategic, operational and case-based risks. The Cayman Islands intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- The Cayman Islands has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, requiring all Reporting Financial Institutions to register and file reports including nil reporting. It has processes to utilise various other relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, Economic Substance notifications and regulatory lists in the jurisdiction. The Cayman Islands is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. The Cayman Islands intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing the Cayman Islands' compliance strategy appears to have the necessary powers and resources available to discharge its functions. With respect to resourcing, DITC is comprised of a team of 18 full time persons working on international tax cooperation, of whom proportionally around 7 full time equivalent staff have been working on compliance activities in support of the AEOI Standard. All have access to the IT systems and tools to support these activities. Overall, they appear to have an effective operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- The Cayman Islands requires all Reporting Financial Institutions to complete and file a Compliance Form each year, which collects certain information used for risk analysis including information on the collection and reliance upon self-certifications. Procedures have been developed to follow up on identified risks, and the Cayman Islands has carried out direct verification activities to confirm the collection and completeness of self-certifications and to verify compliance with other due diligence requirements.
- The Cayman Islands uses access powers to obtain information from Reporting Financial Institutions, in particular obtaining the policies, procedures and self-certifications templates used by these entities in carrying out their obligations. The Cayman Islands is also routinely using its formal powers to access records for the purposes of verifying the due diligence carried out on sampled accounts. It has prepared internal guidelines for the application of sanctions, published information to inform Financial Institutions of its enforcement plans and procedures and is carrying out these procedures when non-compliance has been identified.
- It appears that the Cayman Islands is ready to take effective action to address circumvention of the requirements if such circumvention is detected. The Cayman Islands has followed up on undocumented accounts and has taken action to ensure these are categorised correctly and to establish the reasons for their occurrence. The Cayman Islands will also keep its jurisdiction-specific category of Excluded Account under review to ensure it continues to pose a low risk of being used for tax evasion purposes.
- It is noted that the Cayman Islands does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Cayman Islands has carried out substantial communication and outreach activities, to Reporting Financial Institutions, fund administrators and other service providers, such as issuing extensive guidance, Industry Advisories and bulletins.
Verifying that Financial Institutions are reporting as required	The Cayman Islands introduced mandatory registration and nil reporting requirements for Reporting Financial Institutions. It has carried out substantial verification activities to ensure that Financial Institutions have complied with their obligation to register, such as matching its registration records against the Foreign Financial Institution list for FATCA purposes and relevant regulatory lists in the Cayman Islands. It has taken action to enforce registration, and taken additional action to verify compliance by Financial Institutions with their reporting obligations. Some apparent non-compliance has been detected and the Cayman Islands is following up on this work with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	The Cayman Islands has conducted a significant number of desk-based reviews of Reporting Financial Institutions with multiple projects each designed to identify and address particular risks including nonregistration, non-reporting, missing data and undocumented accounts. Mandatory Compliance Forms completed by all Reporting Financial Institutions are integral to targeting verification activities. Some comprehensive audits have been carried out and underlying records and documentation have been accessed for the purposes of verifying compliance with due diligence obligations. It has identified some issues concerning failures to obtain self-certifications, TINs and dates of birth, and incorrectly reported undocumented accounts which are being followed up on with a view to ensuring future compliance.
Enforcement	Following the activities carried out so far, the Cayman Islands has commenced its procedures to apply administrative penalties in a significant number of cases.

With respect to the Financial Account information collected and sent by the Cayman Islands, the presence of the key data point of the Tax Identification Numbers appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

While the collection and reporting of dates of birth is generally higher across jurisdictions, the Cayman Islands nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Follow-up discussions confirmed that the Cayman Islands is aware of this issue and is taking steps to address it.

Feedback from the Cayman Island's exchange partners indicated that, when seeking to match information with their taxpayer database, a high proportion of partners achieved a relatively lower level of success when compared to what they generally experience in relation to the information received from all of their exchange partners. In particular, five exchange partners highlighted issues with respect to the information received, such as individuals reported without a date of birth, missing addresses or invalid Tax Identification Numbers. Follow-up discussions confirmed that the Cayman Islands is aware of these issues, they have identified what they consider to be the primary cause and they are taking steps to remedy the situation.

Based on these findings it was concluded that, overall, the Cayman Islands is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was noted that there is room for improvement with respect to addressing the issues raised by exchange partners. The Cayman Islands is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

The Cayman Islands should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as the Cayman Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that the Cayman Islands implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Cayman Islands has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that the Cayman Islands is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Cayman Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Cayman Islands' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7), and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as the Cayman Islands exchanges information non-reciprocally, so does not receive information. The Cayman Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from the Cayman Islands exchange partners did not raise any specific concerns with respect to their ability to process the information received from the Cayman Islands and therefore with respect to the Cayman Islands implementation of these requirements. More generally, one of the Cayman Islands' exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions and has improved over time. It was noted that the Cayman Islands has already successfully addressed the issue.

Based on these findings it was concluded that the Cayman Islands is fully meeting expectations in relation to sorting, preparing and validating the information. The Cayman Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Cayman Islands linked to the CTS.

Based on these findings it was concluded that the Cayman Islands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Cayman Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the Cayman Islands exchange partners did not raise any concerns with respect to the timeliness of the exchanges by the Cayman Islands and therefore with respect to the Cayman Islands implementation of this requirement.

Based on these findings it was concluded that the Cayman Islands is fully meeting expectations in relation exchanging information in a timely manner. The Cayman Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Cayman Islands' exchange partners did not raise any concerns with respect to the Cayman Islands' use of the agreed transmission methods and therefore with the Cayman Islands' implementation of this requirement.

Based on these findings it was concluded that the Cayman Islands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Cayman Islands is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as the Cayman Islands exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Cayman Islands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Cayman Islands' exchange partners and therefore with respect to the Cayman Islands' implementation of these requirements.

Based on these findings it was concluded that the Cayman Islands appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Cayman Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Guernsey, the Isle of Man and the United Kingdom.

Chile

This report analyses the implementation of the AEOI Standard in Chile with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Chile's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Chile's international legal framework to exchange the information with all of Chile's Interested Appropriate Partners (CR2) is consistent with the requirements, Chile's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has a deficiency significant to the proper functioning of an element of the AEOI Standard. More specifically, a deficiency has been identified in Chile's enforcement framework.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Chile's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Chile is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Chile commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Chile:

- enacted Decree N°418, 2017, Ministry of Finance, Article 62 ter of the Tax Code which was introduced by Act 21.047; and
- introduced secondary legislation in Resolución Ex. SII N°48 of 31 May 2018 and Resolución Ex. Ministry of Finance N°173 of 27 June 2018.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

With respect to the exchange of information under the AEOI Standard, Chile is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Chile that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Chile requires the reporting of Financial Accounts held by all non-residents and domestic residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Chile's administrative compliance strategy, which is analysed in the subsequent sections of this report, and Chile should be able to monitor these statistics in a continuous manner.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	117
Financial Accounts reported in 2021	5 484

Table 2 sets out the number of exchange partners to which information was successfully sent by Chile in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Chile's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	48	63	69	72

In order to provide for the effective implementation of the AEOI Standard, in Chile:

- the Tax Commissioner (as part of the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Chile's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Financial Institutions to register and putting in place a system for them to report the required information. Financial Institutions are required to send information in an XML file that is then validated against the schema; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Chile's legal frameworks implementing the AEOI Standard concluded with the determination that Chile's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Chile's implementation of the AEOI Standard in practice and where particular identified gaps in Chile's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Chile are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Chile's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the framework to enforce the requirements (SR 1.4). More specifically, Chile's legislative framework does not include rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Chile has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary. While a deficiency has been identified concerning making explicit how to interpret the term Investment Entity, given there is nothing to suggest the interpretation would otherwise be incorrect, the deficiency is considered to be relatively minor and its impact not to be material.

Recommendations:

Chile should amend its domestic legislative framework to require the term Investment Entity to be interpreted consistently with similar language defining "financial institution" in the Financial Action Task Force Recommendations.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Chile has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Chile has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Chile has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Chile's domestic legislative framework does not contain rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures as required. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Chile should amend its legislative framework to include rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Chile's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Chile's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Chile and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Chile has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Chile put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Chile's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Chile would like to express its appreciation for the work done by the Global Forum Secretariat, the AEOI Assessment Panel and the AEOI Peer Review Group in evaluating Chile's legal frameworks implementing the AEOI Standard. Chile also thanks the Secretariat of the Global Forum for its valuable assistance throughout this process. Chile supports the work of the Global Forum, remains fully committed to the effective exchange of information and will continue working towards ensuring full compliance with the AEOI Standard.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Chile are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Chile's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in relation to Chile ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6). Chile should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);

- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Chile implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Chile does not have an overarching strategy to ensure compliance with the AEOI Standard, nor has it conducted a risk assessment. Chile's current planned compliance activities are limited and only recently implemented. Furthermore, there does not appear to be a formalised plan or activity undertaken to ensure that Reporting Financial Institutions correctly apply the requirements of the AEOI Standard where these requirements are only included in Chile's non-binding guidance, nor to ensure that the interaction between Chile's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- To understand its population of Financial Institutions, Chile relies on the tax administration database and compares it with public lists of regulated entities maintained by the Central Bank of Chile, Banks and Financial Institutions Superintendence and the Financial Market Commission. From this information Chile was able to identify several Financial Institutions that incorrectly did not report. Chile plans to contact these but has not yet implemented corrective actions. Chile does not utilise other relevant information sources to effectively understand its population of Financial Institutions, including relevant non-regulated entities.
- The tax administration responsible for implementing Chile's compliance strategy appears to have the necessary powers and has some human and technical resources from various departments that have been allocated to ensure the AEOI Standard is effectively implemented, although the adequacy of this resourcing is unclear.
- Chile has not yet implemented a compliance plan that includes in-depth reviews and the inspection of records held by Reporting Financial Institutions. Chile has accordingly not implemented any enforcement processes.
- Chile was unable to demonstrate how it addresses circumvention of the requirements. This reflects its lack of a legal basis to prevent practices to circumvent the due diligence and reporting procedures. Furthermore, Chile does not have processes in place to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Chile keeps its jurisdiction-specific lists of Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes (it does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Chile has carried out some communication and outreach activities, such as seminars, trainings and communications on the institutional webpage.
Verifying that Financial Institutions are reporting as required	Chile identified 200 Financial Institutions that did not report information through information in the tax authority and the financial regulator's databases and plans to contact them to identify why this is the case and if the requirements are being applied correctly.
Verifying whether the information reported is complete and accurate	Chile has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate, but has plans to do so. Furthermore, Chile has not yet conducted in-depth audits. It accordingly identified no issues.
Enforcement	Since Chile has not yet implemented the activities mentioned above, it has not yet implemented penalties and sanctions.

With respect to the Financial Account information collected and sent by Chile, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. However, Chile does not collect and monitor information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Three exchange partners highlighted issues with respect to the information received from Chile, such as missing accounts and negative interest payments. Follow-up discussions confirmed that Chile is aware of these issues is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Chile indicated that they achieved a success rate when matching the information received from Chile with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Chile is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to implementing a compliance strategy based on a risk assessment, developing procedures to address the requirements are being properly implemented, implementing compliance verification activities and applying enforcement procedures in practice. Chile should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Chile should develop and put in place an overarching compliance strategy, informed by a risk assessment that takes into account relevant information sources, that includes policies and procedures covering the key areas of the effective implementation of the AEOI Standard, including that the application of the provisions contained only in non-binding guidance is effective in practice and that the interaction between its AML framework and its CRS framework results in the collection and reporting of information in accordance with the AEOI Standard.

Chile should further develop and implement effective procedures to identify its population of Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Chile should develop and implement a plan for the responsible authority to verify compliance, including appropriate verification activities to identify non-compliance in key areas, such as whether self-certifications have been obtained as required.

Chile should implement systems to collect and monitor information on undocumented accounts to inform its compliance strategy.

Chile should develop and implement a process to commence enforcement activities where non-compliance is identified.

Chile should develop and implement a policy that provides that, where circumvention is identified, action is taken to address it. Reference is made to the recommendations made when assessing Chile's legal frameworks implementing the AEOI Standard.

Chile should ensure that Reporting Financial Institutions reporting undocumented accounts are identified and there is a defined policy to follow up with them.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

Chile has not yet put in place procedures to engage and collaborate with its partners on compliance and enforcement and so does not have procedures in place to respond to notifications received or to send notifications of possible errors or non-compliance. Chile received a notification from one partner and it reported ongoing discussions with the Financial Institutions involved in the issues raised.

Based on these findings it was concluded that Chile is not meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. More specifically, fundamental issues have been identified, including with respect to a lack of procedures to follow up on received notifications and to send notifications (i.e. under Section 4 of the MCAA or equivalent). Chile should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Chile should develop and implement procedures to respond to notifications from exchange partners including in a timely manner.

Chile should develop and implement procedures to notify exchange partners of possible errors or non-compliance identified.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

Chile's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Chile is meeting expectations with respect to correctly transmitting the information (SR 2.5) and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to sorting,

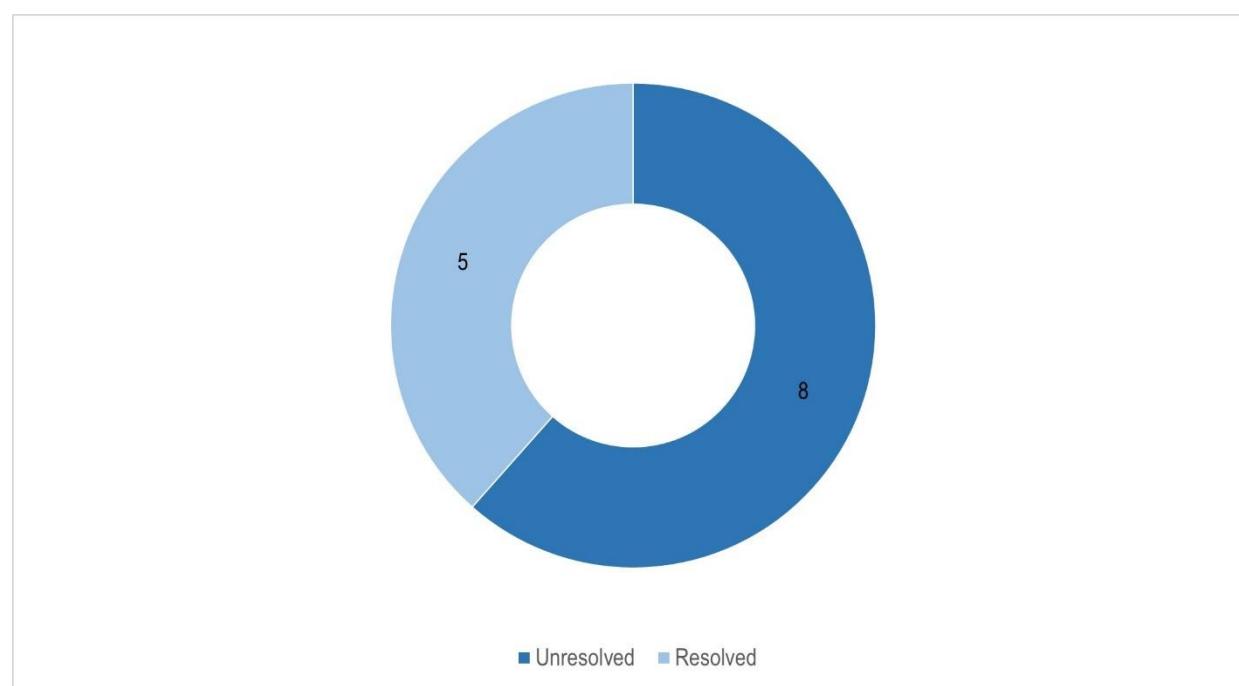
preparing and validating the information (SR 2.4) and transmitting the information and status messages in a timely manner (SRs 2.6 and 2.8). Chile should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

13 exchange partners highlighted particular issues with respect to preparation and format of the information sent by Chile (representing 17% of its partners). These generally related to problems with file and record validation. More generally, 23 (or 30%) of Chile's exchange partners reported rejecting more than 25% of the files received, of which 8 (or 10%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions and it has increased over time. It was noted that Chile has still not yet addressed many of the issues.

Figure 1. Technical issues raised by Chile's exchange partners



Based on these findings it was concluded that Chile is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to timely responding to peer's rejection messages. Chile should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Chile should continue to work with its exchange partners to address the issues raised.

Chile should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Chile linked to the CTS.

Based on these findings it was concluded that Chile is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Chile is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Four exchange partners highlighted delays in the sending of information by Chile (representing 5% of its partners). This represents a relatively high proportion of exchange partners and has not improved over time. Furthermore, all these four partners stated that the information has still not been received with respect to one or more reporting years.

Based on these findings it was concluded that Chile is not meeting expectations in relation exchanging information in a timely manner. More specifically, fundamental issues have been identified, including with respect to sending information to all peers. Chile should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Chile should ensure it sends information to all of its exchange partners with respect to all reporting years and within the required timeframe.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Chile's exchange partners did not raise any concerns with respect to Chile's use of the agreed transmission methods and therefore with Chile's implementation of this requirement.

Based on these findings it was concluded that Chile is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Chile is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by Chile, representing 5% of its partners. Chile has still not yet sent some of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that Chile is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to sending status messages to all its partners. Chile should continue its implementation process to ensure effectiveness, including by addressing the recommendation made.

Recommendations:

Chile should ensure it sends status messages to all its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Feedback from Chile's exchange partners did not raise any concerns with respect to Chile's response to notifications or provision of corrected, amended or additional information and therefore with respect to Chile's implementation of these requirements. Chile has still no procedures in place to address notifications received from partners, and might encounter difficulties fulfilling this requirement.

Based on these findings it was concluded that, overall, Chile appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. It was also noted that there is room for improvement with respect to having in place procedures to respond to notifications from partners. Chile is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Chile should develop and implement effective procedures to effectively respond to partners when they notify Chile of errors or suspected non-compliance by its Reporting Financial Institutions.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

China (People's Republic of)

This report analyses the implementation of the AEOI Standard in China with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

China's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes China's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of China's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

China's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). China is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

China commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, China:

- issued the Regulations of Due Diligence on Financial Accounts of Non-residents for Tax Purposes; and
- published further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

During the initial Global Forum peer review, China made various amendments to its legislative framework, the last of which was effective from 16 September 2020.

With respect to the exchange of information under the AEOI Standard, China:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place a bilateral agreement.¹

Table 1 sets out the number of Financial Institutions in China that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that China requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of China's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	2 627
Financial Accounts reported in 2021	18 994 224

Table 2 sets out the number of exchange partners to which information was successfully sent by China in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to China's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	52	64	69	75

In order to provide for the effective implementation of the AEOI Standard in China:

- the State Tax Administration (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with China's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the tax authority's online system; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of China's legal frameworks implementing the AEOI Standard concluded with the determination that China's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of China's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for China are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

China's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

China has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

China has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

China has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

China has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

China's international legal framework to exchange the information is in place and consistent with the Model CAA and its Commentary and provides for exchange with all of China's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from China and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

China has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

China put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

China's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for China are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

China's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). China is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, China implemented all of the requirements in accordance with expectations. The key findings were as follows:

- China implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources including using profiles of the financial sector provided by the regulator, analysing annual surveys and identifying systemic risks using peer feedback. China's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. China intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- China has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as regulatory lists of Financial Institutions, the Foreign Financial Institution list for FATCA purposes and other information held by the tax authority. China is taking action through cross-checks of these information sources to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. China intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing China's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, China has assigned the equivalent of 15 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that China effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and has carried out both desk-based and onsite audits. China has applied sanctions in cases where non-compliance has been identified. It also appears that China is ready to take effective action to address circumvention of the requirements if such circumvention is detected and has taken action to ensure self-certifications are obtained as required. China also has policies and practices which reduce and prevent the occurrence of undocumented accounts.
- China will also keep its jurisdiction-specific list of Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes. It is noted that China does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	China has carried out substantial communication and outreach activities, such as providing training to financial institutions, holding awareness sessions across several provinces, and providing a frequently used email and hotline facility.
Verifying that Financial Institutions are reporting as required	China has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as introducing mandatory registration, cross-checking that against other information sources and following up on those that do not report. China identified some Financial Institutions incorrectly not reporting. It followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	China has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, China has conducted some onsite visits. It accordingly identified some issues, commonly concerning Reportable Accounts for which information was not reported and some failures to obtain self-certifications when required. It is following up on these issues with a view

Activity type	Activities undertaken
Enforcement	to ensuring future compliance. Following the activities mentioned above, China has imposed some sanctions. It is monitoring the impact of these sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by China, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Feedback from China's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from China. Furthermore, 12 exchange partners highlighted issues with respect to the information received, such as combined first and last names or missing names and high rates of invalid Tax Identification Numbers. One exchange partner specifically noted a significant proportion of financial accounts disclosed under its voluntary disclosure programme were not present in the information received from China. Follow-up discussions confirmed that China is aware of these issues and is engaging with its partners to improve the situation where possible. China noted that one of the reasons behind the low matching rates is likely related to language differences, in particular the differences between Latin and Chinese alphabet characters.

Based on these findings it was concluded that, overall, China is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was noted that there is room for improvement with respect to addressing the issues raised by exchange partners. China is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

China should continue to address the issues raised by its exchange partners.

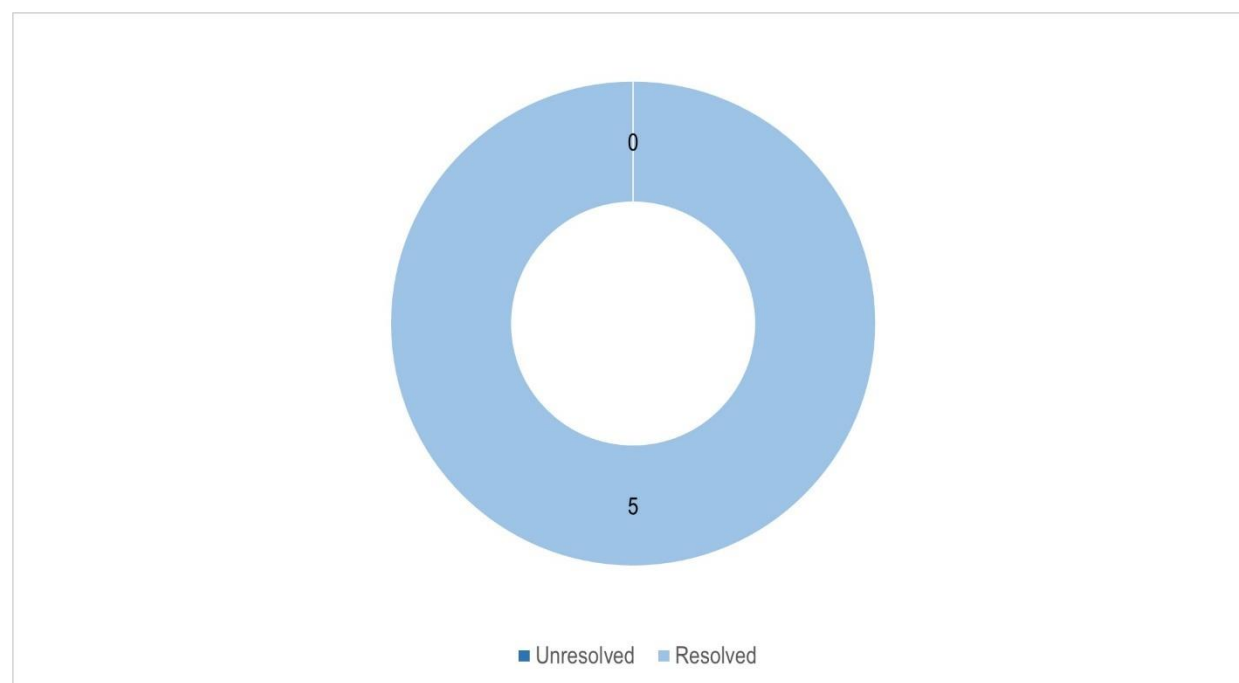
SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, China implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, China received notifications from five partners (representing 7% of its partners) and successfully processed them in a timely manner, resolving the issues raised. This is depicted in Figure 1. It also appears that China will notify its partners effectively if errors or suspected non-compliance is identified when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that China is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. China is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

China's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4) and providing corrections, amendments or additions (SR 2.9), although there are some issues with respect to correctly transmitting information and in a timely manner (SRs 2.5 – 2.8). China is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

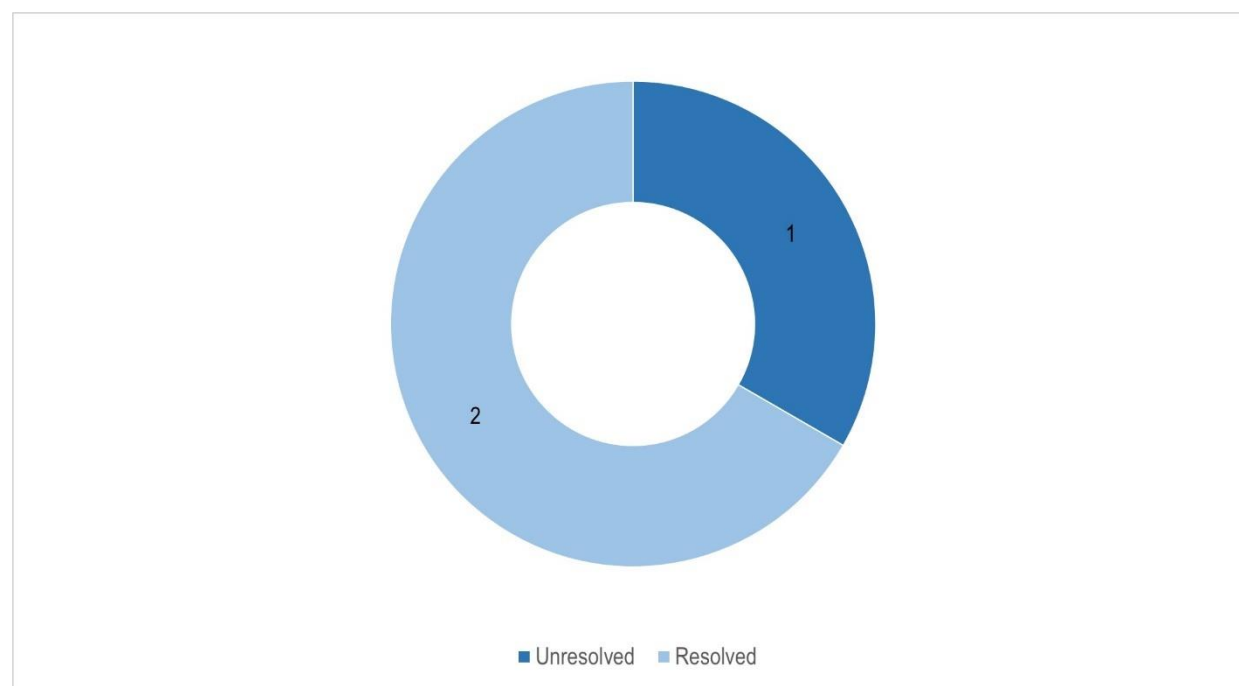
SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted specific issues with respect to preparation and format of the information sent by China (representing 4% of its partners). These generally related to schema errors. More generally, three (or 4%) of China's exchange partners reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is broadly in line with the general

experience of other jurisdictions and has improved over time. China has addressed some of the issues and is working to address the remainder.

Figure 2. Technical issues raised by China's exchange partners



Based on these findings it was concluded that, overall, China is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to validating data for standard errors before transmission. China is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

China should review its procedures to sort, prepare and validate the information to ensure that the information exchanged is in accordance with the CRS Schema.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, China linked to the CTS.

Based on these findings it was concluded that China is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. China is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from China's exchange partners did not raise any concerns with respect to the timeliness of exchanges by China and therefore with respect to China's implementation of this requirement.

Based on these findings it was concluded that China is fully meeting expectations in relation exchanging information in a timely manner. China is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from China's exchange partners did not raise any concerns with respect to China's use of the agreed transmission methods and therefore with China's implementation of this requirement.

Based on these findings it was concluded that China is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. China is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Ten exchange partners highlighted delays in the sending of status messages by China, representing 10% of its partners. This represents a relatively high proportion of partners, although it has improved over time. China has still not sent some of the status messages for 2021 and for prior years.

Based on these findings it was concluded that China is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified with respect to processes to receive and acknowledge receipt of exchanged information. China should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

China should ensure that it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

China is ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by China's exchange partners with respect to China's implementation of these requirements.

Based on these findings it was concluded that China is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. China is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Hong Kong (China).

Colombia

This report analyses the implementation of the AEOI Standard in Colombia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Colombia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Colombia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Colombia's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Colombia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Colombia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Colombia commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Colombia:

- enacted Law 1661 of 2013 and introduced articles 631-4 and 631-5 of the Colombian Tax Code;
- introduced Resolutions 119 of 2015 and 31 of 2017, superseded by Resolutions 78 of 2020 and 44 of 2021, as issued by the Colombian Tax and Customs Authority; and
- introduced Resolution 4 of 2020.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Colombia made various amendments to its legislative framework to address issues identified, the last of which will be effective from 1 January 2021.

With respect to the exchange of information under the AEOI Standard, Colombia is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017.

Table 1 sets out the number of Financial Institutions in Colombia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Colombia requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Colombia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	128
Financial Accounts reported in 2021	118 374

Table 2 sets out the number of exchange partners to which information was successfully sent by Colombia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Colombia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	60	65	70	77

In order to provide for the effective implementation of the AEOI Standard, in Colombia:

- Colombia's Dirección Nacional de Impuestos y Aduanas Nacionales (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Colombia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by having a dedicated web platform for reporting that includes file and record validation of reported information; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Colombia's legal frameworks implementing the AEOI Standard concluded with the determination that Colombia's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Colombia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Colombia are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Colombia's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Colombia defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Colombia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Colombia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Colombia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Colombia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Colombia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Colombia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Colombia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Colombia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Colombia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Colombia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Colombia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Colombia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Colombia implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Colombia implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the information held by the tax administration, the financial regulators, industry associations, input from exchange partners and reports from citizens. Colombia's compliance strategy focuses particularly on the correct formatting of the information reported and ensuring Reporting Financial Institutions include all the relevant information when reporting the information. It also incorporates a credible approach to enforcement. Colombia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Colombia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as tax administration databases, financial regulator's databases, industry associations and the Foreign Financial Institution list for FATCA purposes. Colombia is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Colombia intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institutions responsible for implementing Colombia's compliance strategy appear to have the necessary powers and resources to discharge their functions. With respect to resourcing, Colombia's tax authority has assigned the equivalent of 16 full time staff to monitor and ensure compliance by Reporting Financial Institutions, including an exchange team, an IT team, an analytics team and an audit team. They have access to IT systems and tools to conduct risk assessments (e.g. AEOI training and IT system for CRS reporting). Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Colombia effectively implements compliance activities through inspection of records of Reporting Financial Institutions, ensuring self-certifications are obtained as required and following up on all Financial Institutions that report undocumented accounts. These have so far consisted mainly of desk-based checks of the information reported, although Colombia has also commenced further activities in relation to ensuring Reporting Financial Institutions have appropriate policies and procedures. Audit procedures have also commenced and in-depth reviews and the inspection of records held by Reporting Financial Institutions are anticipated to commence shortly. Colombia has also applied sanctions for non-compliance identified in the review of exchanged information. It also appears that Colombia is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- It is noted that Colombia does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Colombia has carried out communication and outreach activities, such as publishing guidance and information as well as providing training to Financial Institutions on how to correctly implement their obligations under the AEOI Standard.
Verifying that Financial Institutions are reporting as required	Colombia has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as verifying that all Financial Institutions and regulated entities have reported information or sent nil reports and identified many Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Colombia has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Colombia has commenced audit procedures and interviews with Reporting Financial Institutions, although has not yet conducted onsite visits (but has plans to do so in the future). It accordingly identified many issues, commonly concerning reportable accounts for which information was incorrectly reported. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Colombia has imposed a substantial number of penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Colombia, the presence of the key data points of the dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. However, it was found to include a significantly lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Colombia is aware of this issue and is taking steps to address it.

Two exchange partners highlighted issues with respect to the information received, such as irregular interest payments. More generally, many of the exchange partners that received a significant number of records from Colombia indicated that they achieved a success rate when matching the information received from Colombia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Colombia is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to taking further actions to ensure the due diligence procedures are being correctly implemented by the Financial Institutions. Colombia is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Colombia should continue to implement its framework to verify that Reporting Financial Institutions are correctly carrying out the due diligence and reporting rules, including through in-depth reviews.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Colombia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Colombia has the necessary systems and procedures to process them as required. It also appears that Colombia will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Colombia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Colombia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

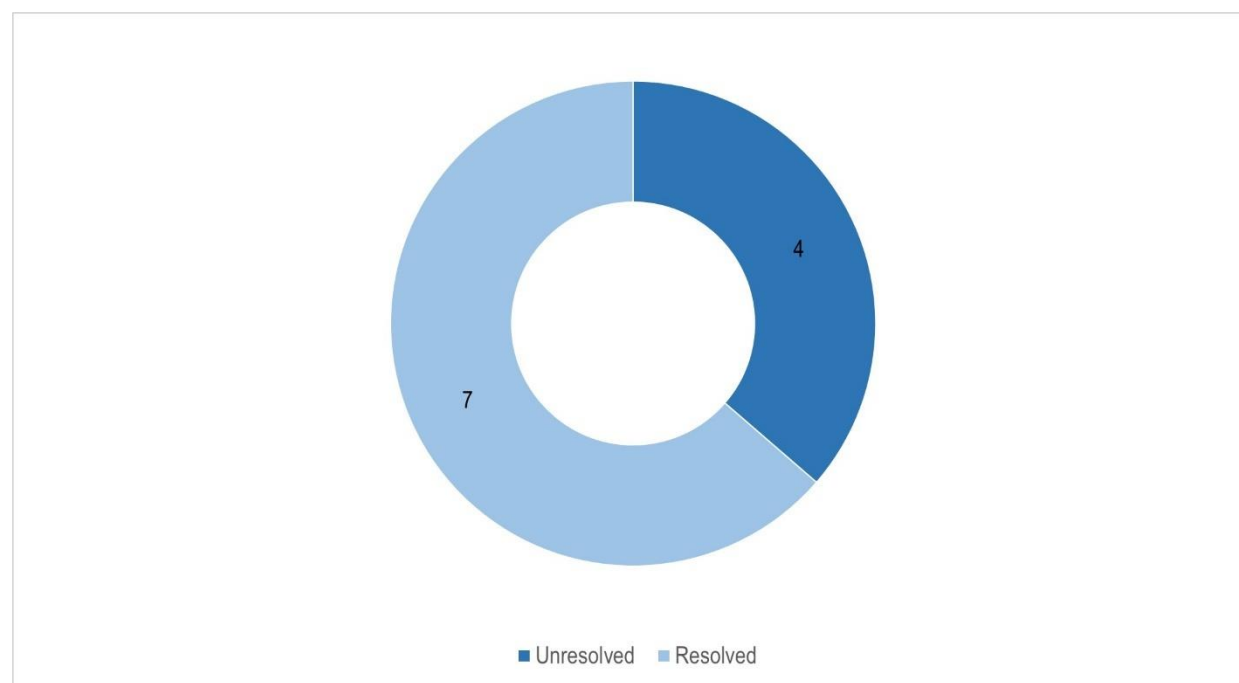
Colombia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Colombia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

11 exchange partners highlighted particular issues with respect to preparation and format of the information sent by Colombia (representing 14% of its partners). These generally related file and record validation errors. More generally, seven (or 9%) of Colombia's exchange partners reported rejecting more than 25% of the files received, of which four (or 5%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions, although it has reduced over time. It was noted that Colombia has already successfully addressed many of the issues.

Figure 1. Technical issues raised by Colombia's exchange partners



Based on these findings it was concluded that Colombia is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to properly sorting, preparing and validating the information exchanged. Colombia should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Colombia should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

Colombia should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Colombia linked to the CTS.

Based on these findings it was concluded that Colombia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Colombia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Two exchange partners highlighted delays in the sending of information by Colombia (representing 3% of its partners). This represents a relatively high proportion of exchange partners when compared to other jurisdictions. It was noted that Colombia successfully addressed the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Colombia is fully meeting expectations in relation to exchanging the information in a timely manner. Colombia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Colombia's exchange partners did not raise any concerns with respect to Colombia's use of the agreed transmission methods and therefore with Colombia's implementation of this requirement.

Based on these findings it was concluded that Colombia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Colombia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Four exchange partners highlighted delays in the sending of status messages by Colombia, representing 4% of its partners. It was noted that Colombia appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Colombia is fully meeting expectations in relation to the receipt of the information. Colombia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Colombia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Colombia's exchange partners and therefore with respect to Colombia's implementation of these requirements.

Based on these findings it was concluded that Colombia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Colombia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Cook Islands

This report analyses the implementation of the AEOI Standard in the Cook Islands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Cook Islands' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Cook Islands' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the Cook Islands' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Cook Islands' implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While the Cook Islands is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

The Cook Islands commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Cook Islands:

- enacted amendments to the Income Tax Act 1997;
- issued the Income Tax (Automatic Exchange of Financial Account Information) Regulations 2017; and
- published guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, the Cook Islands amended its legislative framework to address an issue identified, effective from 4 December 2019.

With respect to the exchange of information under the AEOI Standard, the Cook Islands is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in the Cook Islands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Cook Islands requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Cook Islands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	444
Financial Accounts reported in 2021	8 968

Table 2 sets out the number of exchange partners to which information was successfully sent by the Cook Islands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Cook Islands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	45	62	68	68

In order to provide for the effective implementation of the AEOI Standard, in the Cook Islands:

- the Revenue Management Division (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Cook Islands' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through using the tax authority's IGOR system; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Cook Islands' legal frameworks implementing the AEOI Standard concluded with the determination that the Cook Islands' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Cook Islands' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Cook Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Cook Islands' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Cook Islands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Cook Islands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Cook Islands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Cook Islands has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Cook Islands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Cook Islands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Cook Islands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Cook Islands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Cook Islands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Cook Islands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Cook Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

The Cook Islands' implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while the Cook Islands is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Cook Islands implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- The Cook Islands has implemented a compliance strategy that relies upon communication strategies, such as holding seminars before the reporting deadline to directly assist Reporting Financial Institutions, and working with the Trustee Company service providers who administer the majority of Financial Institutions in the Cook Islands. However, the Cook Islands has not yet developed and implemented a full range of measures to ensure compliance. More specifically, the Cook Islands has not carried out a systematic risk assessment that takes into account a full range of relevant information sources, and has not developed or implemented an overarching strategy to ensure compliance with the AEOI Standard.
- The Cook Islands is working to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources including registration details from the financial regulator, the Foreign Financial Institution list for FATCA purposes and information from Trustee Company service providers. However, this appears to be ad hoc and not part of a coherent compliance plan. There are tentative plans for action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required, although the scheduling of this has not been determined.
- The institution responsible for implementing the Cook Islands' compliance strategy appears to have the necessary powers to discharge its functions. With respect to resourcing, the Cook Islands has assigned the equivalent of 2 full time staff for legal and technical work, and has up to 0.5 full time equivalent staff assigned to monitoring and ensuring compliance by Reporting Financial Institutions, with access to IT systems and tools.
- The Cook Islands has introduced a pre-reporting checklist which is sent to Reporting Financial Institutions annually in April. While some analysis of reported data is carried out for the purpose of obtaining and making corrections, it has not carried out verification activity to test whether due diligence obligations are being fulfilled correctly, including whether self-certifications are obtained when required. The Cook Islands has not verified the appropriateness and effectiveness of the procedures that it permits Reporting Financial Institutions to use to obtain a self-certification after the opening of an account.
- The Cook Islands has not carried out a complete range of verification and enforcement activities to ensure compliance with all elements of the AEOI Standard, other than spot checks on reported data and its plans to do so are only at an initial stage of development. Similarly, some education activity has been conducted with Reporting Financial Institutions on the interaction between the AEOI and AML frameworks, which has not yet been directly verified.
- The Cook Islands described some follow up action on undocumented accounts which it identifies on an ad hoc basis, but this was not systematic.
- The Cook Island has not demonstrated that it has the administrative procedures and capacity to impose and enforce sanctions in the event that non-compliance is detected and has not developed and documented procedures to be applied when it detects any arrangements that were carried out with the intention of avoiding due diligence or reporting under the AEOI Standard.
- The Cook Islands plans to review its jurisdiction-specific Excluded Accounts to ensure they continue to pose a low risk of being used for tax evasion purposes.
- It is noted that the Cook Islands does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Cook Islands has carried out substantial communication and outreach activities.
Verifying that Financial Institutions are reporting as required	The Cook Islands has not yet carried out verification activities to ensure that Financial Institutions are reporting as required, but is developing plans to do so in the near future, such as using a list of entities connected to Trustee Companies and developing questionnaires to identify Reporting Financial Institutions among these entities.
Verifying whether the information reported is complete and accurate	The Cook Islands has conducted limited and infrequent desk-based data checks to verify whether the information being reported is complete and accurate. The Cook Islands has not yet conducted in-depth audits, and has not described detailed plans to do so in the near future.
Enforcement	In view of the activities mentioned above, the Cook Islands has not yet imposed penalties and sanctions.

The Cook Islands was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. The Cook Islands was also not able to confirm that it collects and monitors information on the number of undocumented accounts reported by all of its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Feedback from the Cook Islands' exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from the Cook Islands. Furthermore, seven exchange partners highlighted issues with respect to the information received, such as high rates of missing dates of birth and missing or invalid TINs.

Based on these findings it was concluded that the Cook Islands is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to the planning and implementation of effective verification and enforcement mechanisms to address non-compliance. The Cook Islands should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Cook Islands should develop and implement an overarching compliance strategy, based on a systematic risk assessment, for all aspects of compliance with the AEOI Standard.

The Cook Islands should develop and implement appropriate verification activities to monitor and enforce Reporting Financial Institutions' compliance with the AEOI Standard, including actively monitoring the interaction between its AML framework and its CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard.

The Cook Islands should implement systems to collect and monitor information, including on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts, to inform its compliance strategy.

The Cook Islands should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

The Cook Islands should develop and implement administrative procedures to enable effective enforcement and appropriate sanctions when non-compliance is detected.

The Cook Islands should ensure that it consistently monitors and verifies that self-certifications have been obtained as required, including as part of a “day two” procedure under the circumstances permitted by the AEOI Standard.

The Cook Islands should follow up with Reporting Financial Institutions that report undocumented accounts, including ensuring that these are only reported in the circumstances described in the AEOI Standard.

The Cook Islands should address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction’s domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that the Cook Islands implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Cook Islands has the necessary systems and procedures to process them as required. The Cook Islands has an understanding of the need to inform exchange partners of errors or non-compliance by a Reporting Financial Institution in the jurisdiction of an exchange partner and is developing procedures to do this.

Based on these findings it was concluded that the Cook Islands is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Cook Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Cook Islands’ implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The Cook Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from the Cook Islands' exchange partners did not raise any specific concerns with respect to their ability to process the information received from the Cook Islands and therefore with respect to the Cook Islands' implementation of these requirements. More generally, two exchange partners (representing 3% of its partners) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that the Cook Islands has already successfully addressed all of the issues.

Based on these findings it was concluded that the Cook Islands is fully meeting expectations in relation to sorting, preparing and validating the information. The Cook Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Cook Islands linked to the CTS.

Based on these findings it was concluded that the Cook Islands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Cook Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the Cook Islands' exchange partners did not raise any concerns with respect to the timeliness of the exchanges by the Cook Islands and therefore with respect to the Cook Islands' implementation of this requirement.

Based on these findings it was concluded that the Cook Islands is fully meeting expectations in relation to exchanging the information in a timely manner. The Cook Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Cook Islands' exchange partners did not raise any concerns with respect to the Cook Islands' use of the agreed transmission methods and therefore with the Cook Islands' implementation of this requirement.

Based on these findings it was concluded that the Cook Islands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Cook Islands is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by the Cook Islands, representing 3% of its partners. It was noted that the Cook Islands appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that the Cook Islands is fully meeting expectations in relation to the receipt of the information. The Cook Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Cook Islands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Cook Islands exchange partners and therefore with respect to the Cook Islands' implementation of these requirements.

Based on these findings it was concluded that the Cook Islands appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Cook Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Comments made by the Cook Islands (30 June 2022)

[1a] planning for the future started.

- Automating data analysis
 - The tax authority has secured a budget for implementing a compliance module and the detailed specification and procurement process is under way, it is anticipated that the compliance module will be implemented by the end of 2022 through beginning of 2023. Specifications and

the procurement process have started with a due date of for end of September for selection of a solution.

- Strengthening due diligence procedures

[1b] activities occurred between 31 March and 30 June.

- With assistance from PFTAC technical assistance the Cook Islands has developed the following documentation
 - AEOI Compliance Strategy: that describes how the Cook Islands will carry out end-to-end EOI activities incorporating the legislative framework, self-help services to FIs, implementing a risk and compliance framework, enforcement actions and making effective use of EOI information.
 - CRS Compliance Verification Plan: shows the yearly cycle, identifies data to be verified and reviewed and the teams responsible for carrying out the review and the expected outcomes.
 - CRS Due Diligence Checklist Questionnaire: a pre-reporting self-assessment checklist serving as a reminder to FI of the requirements and references to the regulations and rules. The responses will be used to identify further education and guidance that may be required by FI, assist in assessing any non-compliance and rank FI in terms of their compliance behaviour.
 - CRS Due Diligence Full Review Checklist (in draft): used for conducting a full review undertaken by the audit team on cases requiring further investigation.
 - EOI Process Manual (in draft) a standard operating procedure manual for tax authority staff.
- On 2 May the tax authority ran a seminar introducing the new CRS Due Diligence Checklist that is required to be completed by reporting FI on completion of their CRS Reports.
- The tax authority also presented statistics on areas that need improvement with the data quality and that the checklist be used to ensure CRS due diligence procedures are in place so that key information is in place before it is reported to the tax authority. A number of these checklists have been returned (the remainder expected around 30 June) and now become a record of the self-assessed positions taken by RFIs on matters of due diligence procedures and data quality and completeness (or otherwise).
- The tax authority has started post-reporting checks by comparing the CRS Reporting checklists with an analysis of the CRS Reports received, the purpose is to identify and flag any further investigation required.

Costa Rica

This report analyses the implementation of the AEOI Standard in Costa Rica with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Costa Rica's legal framework implementing the AEOI Standard is not in place in accordance with the requirements of the AEOI Terms of Reference. While Costa Rica's international legal framework to exchange the information with all of Costa Rica's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has significant deficiencies in areas that are fundamental to the proper functioning of the AEOI Standard. More specifically, deficiencies have been identified with respect to Costa Rica's enforcement framework.

Overall determination on the legal framework: Not In Place

Effectiveness of AEOI in practice

Costa Rica's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Costa Rica is partially compliant with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Costa Rica commenced exchanges under the AEOI Standard in 2018 on a non-reciprocal basis, then in 2020 started to reciprocally exchange information. As a preventive action to address the cyber-attack on the Ministry of Finance occurred in mid-April 2022, Costa Rica requested to be temporarily included on the list of non-reciprocal jurisdictions in order to send but not to receive information.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Costa Rica:

- enacted Article 106 quáter of the General Tax Code Law No. 4755; and
- introduced the Resolution No. DGT-R-006-2017, Resolution No. DGT-R-006-2018, Resolution No. DGT-R-16-2020 and Resolution No. DGT-R-27-2021.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts,

Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum review, Costa Rica amended its legislative framework to address issues identified, the last of which was effective from 19 July 2021.

With respect to the exchange of information under the AEOI Standard, Costa Rica is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Costa Rica that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Costa Rica requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts maybe required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Costa Rica's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	51
Financial Accounts reported in 2021	33 001

Table 2 sets out the number of exchange partners to which information was successfully sent by Costa Rica in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Costa Rica's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	49	67	69	71

In order to provide for the effective implementation of the AEOI Standard, in Costa Rica:

- the Tax Administration of Costa Rica (the tax authority) is responsible for exchanging the information with Costa Rica's exchange partners (although the legal basis to carry out all of the activities needed to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions is underway to be decided);
- the technical solutions necessary have been put in place to receive and validate the information reported by Reporting Financial Institutions using the "Sistema de Intercambio de Información Fiscal (SIIF)", which is an IT platform for Reporting Financial Institution to pre-validate and submit data as required by the AEOI Standard and for the Tax Administration to validate and consolidate the data submitted by the Reporting Financial Institutions before it is exchanged; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Costa Rica's legal frameworks implementing the AEOI Standard concluded with the determination that Costa Rica's domestic legal framework is Not In Place and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Costa Rica's implementation of the AEOI Standard in practice and where particular identified gaps in Costa Rica's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Costa Rica are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Costa Rica's domestic legislative framework is not in place as required as it does not contain key aspects of the CRS and its Commentary. Significant deficiencies have been identified relating to the framework to enforce the requirements (SR 1.4). More specifically, Costa Rica's legislative framework does not require records to be kept by Financial Institutions in accordance with the AEOI Standard and it does not apply sanctions for non-compliance in all cases including where self-certifications have not been obtained for New Accounts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Costa Rica has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Costa Rica has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Costa Rica has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Costa Rica does not have a legislative framework in place to enforce the requirements in a manner that is consistent with the CRS and its Commentary, as significant deficiencies have been identified. More specifically, Costa Rica's domestic legislative framework:

- does not include rules requiring Reporting Financial Institutions to keep records for the duration of time specified in the requirements;
- does not include rules that ensure that a Reporting Financial Institution is sanctioned for failing to apply due diligence procedures in accordance with the requirements; and
- does not incorporate measures to ensure that self-certifications are always obtained and validated for New Accounts as required.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Costa Rica should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records for at least five years from the deadline to report the information, in accordance with the AEOI Standard.

Costa Rica should amend its domestic legislative framework to include sanctions for failure to comply with the due diligence and reporting procedures in accordance with the AEOI Standard.

Costa Rica should amend its domestic legislative framework to include strong measures to ensure that valid self-certifications are always obtained for New Accounts and, more specifically, in the limited circumstances where a valid self-certification is permitted to be obtained after the opening of a New Account.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Costa Rica's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Costa Rica's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Costa Rica and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Costa Rica has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Costa Rica put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Costa Rica's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

The Tax Administration and the Global Forum Secretariat have jointly developed an Action Plan that details the measures that must be undertaken by Costa Rica to address the AEOI peer reviews' recommendations, both in respect to the legal framework and the effectiveness in practice.

This Action Plan is based on four pillars of action which include: i) legal framework reforms, ii) elaboration of internal procedures to control compliance and to prevent reporting circumvention, to undertake risk assessment and to train staff, iii) improvements to the technological system, and iv) actions to improve relations with Reporting FIs.

We renew our commitment with tax transparency in all of its modalities, and in turn, we are always open to receive comments to improve our internal proceedings in order to provide information with the best quality.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Costa Rica are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Costa Rica's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Costa Rica is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Costa Rica should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Costa Rica implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- While Costa Rica has conducted communication activities to help promote compliance, including publishing guidance and holding virtual meetings to assist Reporting Financial Institutions in understanding the due diligence and reporting obligations under the AEOI Standard, it lacks a clear overarching compliance strategy to ensure that Financial Institutions have correctly implemented the requirements under the AEOI Standard in practice. This includes the lack of defined procedures

to review and verify compliance, including in-depth reviews and the inspection of records held by Reporting Financial Institutions. Furthermore, in practice, no dedicated AEOI-related compliance activities have yet been undertaken.

- While Costa Rica uses the AEOI reporting system “SIIF” to automatically identify the Reporting Financial Institutions that have not reported information in a reporting year, this is limited to Financial Institutions that have registered with the SIIF for AEOI purposes. Costa Rica does not have procedures to identify Reporting Financial Institutions that have failed to register with the SIIF and therefore lacks procedures to identify the full population of Reporting Financial Institutions in Costa Rica, including non-regulated entities.
- Costa Rica has allocated financial, technical and human resources at the Tax Administration for the implementation of the AEOI Standard, although the adequacy of its resourcing is unclear. More generally, Costa Rica was unable to demonstrate how it verifies compliance by Reporting Financial Institutions and effectively addresses non-compliance. This reflects both the lack of clarification under Costa Rica’s legal framework over the sufficiency of the tax authority’s legal basis to conduct the verifications and reviews and its lack of a legal basis to require Reporting Financial Institutions to keep records in relation to the AEOI Standard and to impose sanctions for failure to comply with the due diligence and reporting procedures. This also applies to Costa Rica’s ability to ensure that valid self-certifications are obtained for New Accounts when they are not obtained upon account opening.
- Costa Rica also does not have procedures to follow up with Reporting Financial Institutions when undocumented accounts are reported, nor does it have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- It is noted that Costa Rica does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table.3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Costa Rica has carried out some communication and outreach activities, such as having awareness meetings with the Financial Institutions, setting up a dedicated website for CRS knowledge and having seminars as per request from Financial Institutions.
Verifying that Financial Institutions are reporting as required	While the reporting portal involves some automated checks, Costa Rica has not yet carried out verification activities to ensure that Financial Institutions are reporting as required, and there is no clearly defined plan to do so in the near future.
Verifying whether the information reported is complete and accurate	Costa Rica has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate, and there is no clearly defined plan to do so in the near future. Furthermore, Costa Rica has not yet conducted in-depth audits and there is no clearly defined plan to do so in the near future.
Enforcement	Since no verifications have yet been conducted as mentioned above, Costa Rica has not yet imposed penalties and sanctions, and there is no clearly defined plan to do so in the near future.

With respect to the Financial Account information, Costa Rica was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These are key data points for exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Furthermore, Costa Rica was not able to confirm that it collects and monitors information on the number

of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Ten exchange partners highlighted specific issues with respect to the information received, such as missing Tax Identification Numbers, dates of birth and addresses. Follow-up discussions confirmed that Costa Rica is aware of these issues and is currently seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Costa Rica indicated that they achieved a success rate when matching the information received from Costa Rica with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Costa Rica is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to implementing an effective compliance and enforcement framework to address non-compliance by Reporting Financial Institutions. Costa Rica should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Costa Rica should develop and implement an effective overarching compliance plan, informed by a risk assessment, to underpin its compliance activities. Reference is made to the lack of clarity over whether the tax authority currently has a sufficient legal basis to carry out all of the necessary activities.

Costa Rica should develop and implement effective procedures to identify its population of Financial Institutions, including those that do not register with the SIIF, to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, especially including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Costa Rica should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified. Reference is made to the recommendations made when assessing Costa Rica's legal frameworks implementing the AEOI Standard in relation to record keeping and penalties in particular.

Costa Rica should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Costa Rica should develop and implement a clearly defined procedure to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Costa Rica should put in place and implement a clearly defined policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

Costa Rica should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Costa Rica should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- c) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- d) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Costa Rica implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, it appears that Costa Rica has the necessary systems and procedures to process them as required. It appears that Costa Rica will also notify its partners of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Costa Rica is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Costa Rica is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

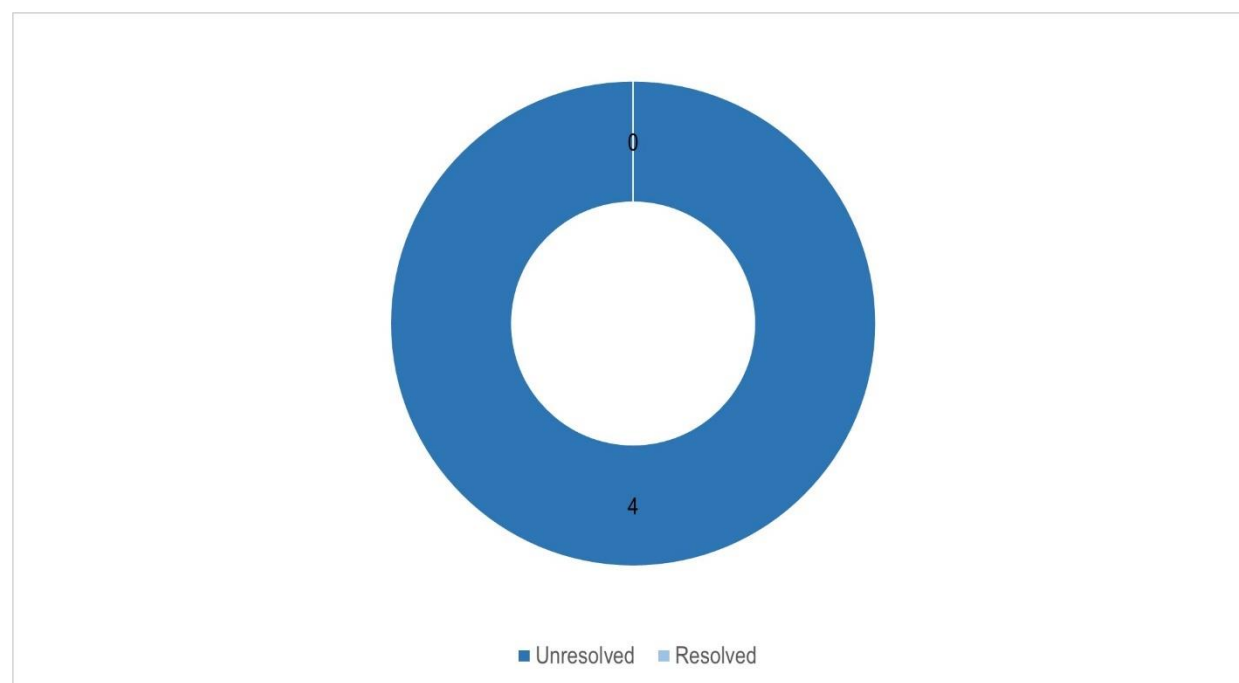
Costa Rica's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Costa Rica is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4), and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to correctly transmitting the information and in a timely manner (SRs 2.5 – 2.8). Costa Rica should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Four exchange partners highlighted particular issues with respect to preparation and format of the information sent by Costa Rica (representing 6% of its partners). These generally related to formatting errors. More generally, two (or 3%) of Costa Rica's exchange partners reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Costa Rica is working to address these issues.

Figure 1. Technical issues raised by Costa Rica's exchange partners



Based on these findings it was concluded that, overall, Costa Rica is meeting expectations in relation to sorting, preparing and validating the information. Costa Rica is encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Costa Rica should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Costa Rica linked to the CTS.

Based on these findings it was concluded that Costa Rica is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Costa Rica is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Costa Rica. This partner stated that the corrected information has still not been received, including information that was due to be exchanged in prior years in some cases, Costa Rica is working to address the issue.

Based on these findings it was concluded that, overall, Costa Rica is meeting expectations in relation exchanging information in a timely manner. It was also noted that there is room for improvement with respect to sending corrected information to all exchange partners. Costa Rica is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Costa Rica should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Costa Rica's exchange partners did not raise any concerns with Costa Rica's use of the agreed transmission methods and therefore with Costa Rica's implementation of the requirement.

Based on these findings it was concluded that Costa Rica is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Costa Rica is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

31 exchange partners highlighted delays in the sending of status messages by Costa Rica, representing 41% of its partners. This represents a very high proportion of partners and it has not improved over time. Costa Rica has still not yet sent some of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that Costa Rica is not meeting expectations in relation to the receipt of the information. More specifically, fundamental issues have been identified, including with respect to sending status messages on receipt of files. Costa Rica is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Costa Rica should ensure it sends Status Messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Costa Rica appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Costa Rica's exchange partners and therefore with respect to Costa Rica's implementation of these requirements.

Based on these findings it was concluded that Costa Rica appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended, or

additional information. Costa Rica is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Croatia

This report analyses the implementation of the AEOI Standard in Croatia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Croatia's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Croatia's international legal framework to exchange the information with all of Croatia's Interested Appropriate Partners (CR2) is consistent with the requirements, Croatia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has a deficiency in an area significant to the proper functioning of an element of the AEOI Standard. More specifically, a deficiency has been identified with respect to Croatia's enforcement framework.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Croatia's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Croatia is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: **Non-Compliant**

General context

Croatia commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Croatia:

- amended its Act on Administrative Cooperation in the Field of Taxation (OG 115/2016);
- introduced an Ordinance on the Automatic Exchange of Information in the field of taxation (OG 18/2017, as amended by an Ordinance published in OG 1/2020); and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Croatia made various amendments to its legislative framework to address issues identified, the last of which was effective from 3 January 2020.

With respect to the exchange of information under the AEOI Standard, Croatia:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation, as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Croatia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Croatia requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Croatia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	55
Financial Accounts reported in 2021	96 241

Table 2 sets out the number of exchange partners to which information was successfully sent by Croatia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Croatia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	60	65	70	76

In order to provide for the effective implementation of the AEOI Standard, in Croatia:

- the Croatian Tax Administration (the Tax Authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Croatia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by developing a national application for the delivery of CRS data. In order for Financial Institutions to obtain access to the application they are required to sign and submit a form of authorisation of specified person(s) engaged in submitting the CRS data to the Tax Authority. The Tax Authority, when receiving a CRS file from a financial institution, performs two levels of validation (file validation and record validation); and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Croatia's legal frameworks implementing the AEOI Standard concluded with the determination that Croatia's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Croatia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Croatia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Croatia's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in one area relating to the framework to enforce the requirements (SR 1.4). More specifically, Croatia's domestic legislative framework does not impose sanctions on Account Holders and Controlling Persons for providing a false self-certification.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Croatia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Croatia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Croatia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Croatia has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Croatia's domestic legislative framework does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Croatia should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Croatia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Croatia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Croatia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Croatia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Croatia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Croatia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Croatia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Croatia's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in relation to Croatia ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Croatia implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Croatia has carried out communication and outreach activities to foster voluntary compliance and has begun to develop an overarching compliance strategy to ensure that Financial Institutions have correctly implemented the requirements under the AEOI Standard in practice, which will be based on a risk assessment taking into account a range of relevant information sources. However, the overarching compliance strategy (Business Plan) is only at its early stages of implementation and there does not appear to be any activity undertaken to ensure that Reporting Financial Institutions correctly apply the requirements of the AEOI Standard where these requirements are only included in Croatia's non-binding guidance.
- Croatia has plans to understand its population of Financial Institutions, utilising various relevant information sources (such as registers of Financial Institutions maintained by the financial regulators), but the corresponding activities are still in their very early stages with compliance forms having only recently been sent to potential Reporting Financial Institutions. Furthermore, the plan and activities do not sufficiently include the identification of non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.
- While the institution responsible for implementing Croatia's compliance strategy appears to have the necessary powers to discharge its functions, the adequacy of its current resourcing is unclear. Three officials are dedicated to ensuring the policy and administrative implementation of the Business Plan. However, there are at present no auditors carrying out control and audit activities towards Financial Institutions. It is planned that three inspectors from the Audit sector will be assigned in the future to the control and audit activities.
- More generally, no in-depth reviews, inspection of records held by Reporting Financial Institutions or other systematic AEOI-related compliance verification activities have yet been undertaken in practice.
- Accordingly, Croatia has not carried out verification and enforcement activities to ensure that Financial Institutions have correctly implement the requirements under the AEOI Standard in practice. This includes a lack of activities in relation to ensuring self-certifications are collected as required, to address circumvention of the requirements where it is identified and to follow up on undocumented accounts. Croatia plans to keep its jurisdiction-specific list of Non-Reporting Financial Institutions under review to ensure it continues to pose a low risk of being used for tax evasion purposes.
- It is noted that Croatia does not have a jurisdiction-specific list of Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Croatia has carried out some communication and outreach activities, including continuous dialogue with Financial Institutions with meetings, seminars and publications of relevant news and information on the Tax Administration's website and responding to specific queries via email.
Verifying that Financial Institutions are reporting as required	Croatia has sent compliance forms to all its FIs to determine the Reporting FIs and to check whether they are properly conducting due diligence procedures. Following these activities, Croatia identified some FIs incorrectly not registering for reporting.
Verifying whether the information reported is complete and accurate	Croatia has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Croatia has not yet conducted in-depth audits or onsite visits.
Enforcement	Following the activities mentioned above, Croatia has not yet imposed penalties and sanctions.

With respect to the Financial Account information collected and sent by Croatia, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. More generally, many of the exchange partners that received a significant number of records from Croatia indicated that they achieved a success rate when matching the information received from Croatia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Croatia was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Based on these findings it was concluded that Croatia is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to the implementation of an effective verification and enforcement framework to address non-compliance by Reporting Financial Institutions. Croatia should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Croatia should further develop and implement an effective overarching compliance strategy, informed by a risk assessment, to underpin its compliance activities.

Croatia should further develop and implement effective procedures to identify Reporting Financial Institutions that do not register, including non-regulated entities that are Financial Institutions for the purposes of the AEOI standard, and ensure that they are classifying themselves correctly and reporting information as required.

Croatia should implement its plan to ensure that Reporting Financial Institutions are reporting complete and accurate information, including to ensure that the provisions contained only in non-binding guidance are applied effectively in practice.

Croatia should implement systems to collect and monitor information on the reporting of undocumented accounts to inform its compliance strategy.

Croatia should develop and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

Croatia should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

Croatia should develop and implement effective procedures to enforce the requirements and to impose penalties and sanctions as appropriate.

Croatia should implement its policy to keep its jurisdiction-specific list of Non-Reporting Financial Institutions under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Croatia has yet to develop the procedures to address issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Croatia received notifications from one partner and it is processing it to resolve the issues raised. Croatia has developed a process to notify possible errors or non-compliance by Financial Institutions in the jurisdiction, but it is not yet operational.

Based on these findings it was concluded that Croatia is partially meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. More specifically, significant issues have been identified, including with respect to processing notifications received and making notifications where issues are identified. Croatia should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Croatia should continue to address the issue raised by its exchange partner.

Croatia should have in place effective procedures to address errors or suspected non-compliance by its Reporting Financial Institutions notified to it by its exchange partners.

Croatia should implement effective procedures to notify its partners of errors or suspected non-compliance by their Reporting Financial Institutions.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

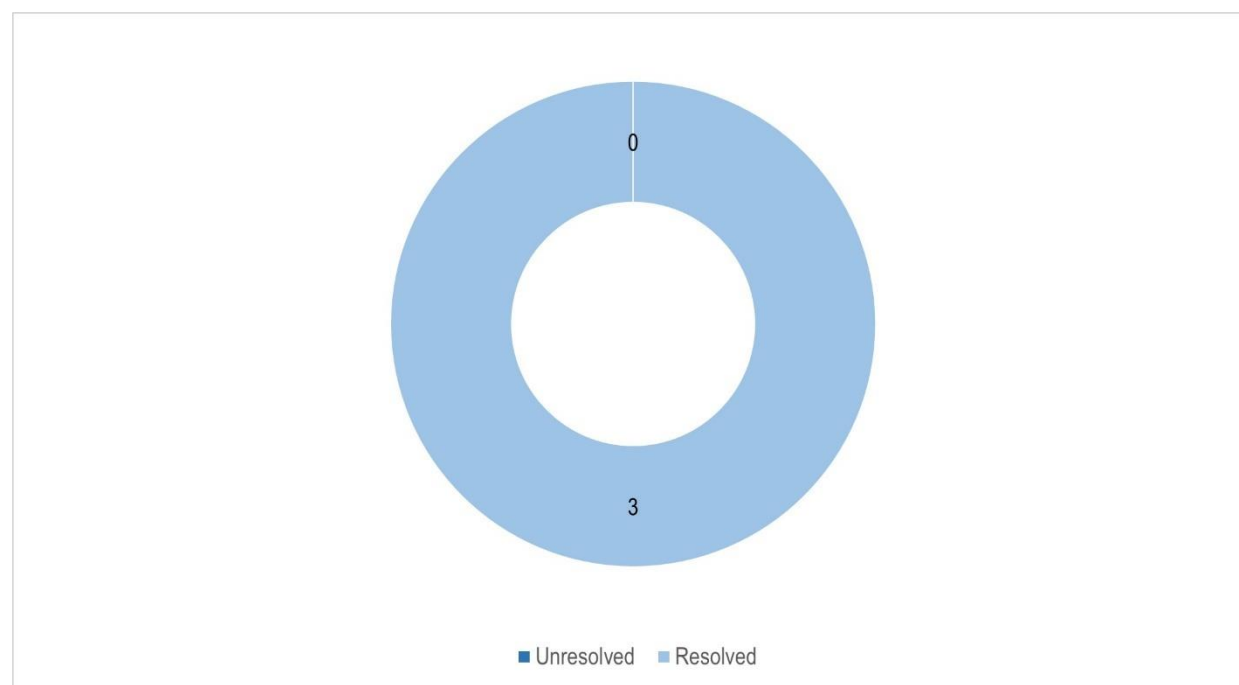
Croatia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Croatia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Croatia (representing 3% of its partners). These generally related to already used values in the field DocRefIDs and other blocking errors. More generally, four (or 4%) of Croatia's exchange partners reported rejecting more than 25% of the files received, of which none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that Croatia has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Croatia's exchange partners



Based on these findings it was concluded that, overall, Croatia is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement in this respect. Croatia is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Croatia should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Croatia linked to the CTS and the CCN, which is used exchanges within the European Union.

Based on these findings it was concluded that Croatia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Croatia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Croatia's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Croatia and therefore with respect to Croatia's implementation of this requirement.

Based on these findings it was concluded that Croatia is fully meeting expectations in relation exchanging information in a timely manner. Croatia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Croatia's exchange partners did not raise any concerns with respect to Croatia's use of the agreed transmission methods and therefore with Croatia's implementation of this requirement.

Based on these findings it was concluded that Croatia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Croatia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Three exchange partner highlighted delays in the sending of status messages by Croatia, representing 3% of its partners. This represents a relatively low proportion of partners. It was noted that Croatia appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Croatia is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to always providing timely status updates. Croatia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Croatia should ensure that it sends CRS Status Messages to all of its partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

While it is unclear whether Croatia's approach will ensure that corrected, amended or additional information is provided in a timely manner, it has not been tested and no such concerns were raised by Croatia's exchange partners and therefore with respect to Croatia's implementation of these requirements.

Based on these findings it was concluded that Croatia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Croatia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Curaçao

This report analyses the implementation of the AEOI Standard in Curaçao with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Curaçao's legal framework implementing the AEOI Standard is not in place in accordance with the requirements of the AEOI Terms of Reference. This is because Curaçao's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has significant deficiencies in areas that are fundamental to the proper functioning of the AEOI Standard. Most significantly, deficiencies have been identified in Curaçao's enforcement framework and in other key areas.

Overall determination on the legal framework: Not In Place

Effectiveness of AEOI in practice

Curaçao's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Curaçao is partially compliant with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Curaçao commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Curaçao:

- enacted National Ordinance International Assistance Taxation;
- introduced National Decree International Assistance Taxation; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Curaçao has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Curaçao that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Curaçao requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Curaçao's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	288
Financial Accounts reported in 2021	16 537

Table 2 sets out the number of exchange partners to which information was successfully sent by Curaçao in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Curaçao's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	57	66	51

In order to provide for the effective implementation of the AEOI Standard, in Curaçao:

- the Fiscal Affairs team under direction of the Director of Fiscal affairs, as mandated Competent Authority, has the ultimate responsibility to ensure the effective implementation of the due diligence and the reporting obligations. The Tax Inspectorate is responsible for carrying out the collection and exchange of information, in accordance with the legislation and policies;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the website of the Tax Administration which allows for CRS XML Schema file upload and which validates the data files through a validation module; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Curaçao's legal frameworks implementing the AEOI Standard concluded with the determination that Curaçao's domestic legal framework is Not In Place and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Curaçao's implementation of the AEOI Standard in practice and where particular gaps in Curaçao's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Curaçao are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Curaçao's domestic legislative framework is not in place as required as it does not contain several key aspects of the CRS and its Commentary. Significant deficiencies have been identified in relation to the framework to enforce the requirements (SR 1.4). Most significantly, Curaçao's domestic legislative framework does not provide for rules to prevent the circumvention of the reporting and due diligence procedures, does not incorporate sanctions for the provision of false self-certifications and does not contain strong measures to ensure valid self-certifications are always obtained for New Accounts. Moreover, there are deficiencies in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the scope of Financial Accounts required to be reported and the due diligence procedures required to identify them (SR 1.2).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Curaçao has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Curaçao's legislative framework:

- classifies certain Entities as Non-Financial Entities, which are not in accordance with the requirements set out in the AEOI Standard;
- does not specify the date as of when Qualified Credit Card Issuers need to implement policies for the returning of overpayments, which is required for them to be treated as Non-Reporting Financial Institutions; and
- does not specify the date as of when Exempt Collective Investment Vehicles are prevented from issuing bearer shares nor the date prior to which any existing bearer shares are required to be redeemed or immobilised, which is required for them to be treated as Non-Reporting Financial Institutions.

The scope of Reporting Financial Institutions, including the specification of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Curaçao should amend its domestic legislative framework to remove the classifications of entities held by one single family or a very limited group and Trust Office Foundation ("Stichting administratiekantoor" or STAK) as Non-Financial Entities without regard to the requirements to be classified as such.

Curaçao should amend its domestic legislative framework to require Qualified Credit Card Issuers to implement policies with respect to the returning of overpayments from a specified date in order to be treated as Non-Reporting Financial Institutions.

Curaçao should amend its domestic legislative framework to prevent Exempt Collective Investment Vehicles from issuing bearer shares from a specified date and for any existing bearer shares to be redeemed or immobilised prior to that date in order to be treated as Non-Reporting Financial Institutions.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Curaçao has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and has incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Curaçao's legislative framework:

- does not specify the date on which a Preexisting Entity Account is first to be identified;
- does not define Controlling Persons in accordance with the requirements;
- does not specify the date as of when Qualified Credit Card Issuers need to implement policies for the returning of overpayments, which is required for Depository Accounts due to not-returned overpayments to be treated as Excluded Accounts; and
- does not follow the conditions set out in the AEOI Standard for when Reporting Financial Institutions can use existing classifications as Documentary Evidence with respect to Preexisting Entity Accounts.

The scope of Financial Accounts and the due diligence procedures to identify them is material to the proper functioning of the AEOI Standard.

Recommendations:

Curaçao should amend its domestic legislative framework to specify the date on which a Preexisting Entity Account is first to be identified using the USD 250 000 balance or value threshold.

Curaçao should amend its domestic legislative framework to require Reporting Financial Institutions to always identify and determine the reportable status of Controlling Persons in accordance with the AEOI Standard.

Curaçao should amend its domestic legislative framework to define Controlling Persons in accordance with the AEOI Standard, by removing the 25% ownership or share of profits threshold for partnerships in order to ensure the identification of all relevant Controlling Persons of partnerships and legal arrangements similar to partnerships.

Curaçao should amend its domestic legislative framework to require Qualified Credit Card Issuers to implement policies with respect to the returning of overpayments from a specified date in order for Depository Accounts due to not-returned overpayments to be treated as Excluded Accounts.

Curaçao should amend its domestic legislative framework to require Reporting Financial Institutions to only use Documentary Evidence in relation to the due diligence procedures for Preexisting Entity Accounts in accordance with the conditions in the AEOI Standard.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Curaçao has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary. While a deficiency has been identified with respect to the reporting of the currency denomination, it is considered to be relatively minor as the CRS XML schema will compel the reporting of a currency type.

Recommendations:

Curaçao should amend its domestic legislative framework to require Reporting Financial Institutions to identify the currency in which each account is denominated.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Curaçao does not have a legislative framework in place to enforce the requirements in a manner that is consistent with the CRS and its Commentary as significant deficiencies have been identified. More specifically, Curaçao's legislative framework:

- does not include rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures as required;
- does not include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification; and
- allows self-certifications to be obtained after the opening of the account in circumstances beyond those that are permitted.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Curaçao should amend its domestic legislative framework to introduce rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures.

Curaçao should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Curaçao should amend its domestic legislative framework to limit the circumstances when it is permissible to obtain a valid self-certification after the opening of a New Account in accordance with the requirements.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Curaçao's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Curaçao's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Curaçao and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Curaçao has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Curaçao put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Curaçao's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Curaçao are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Curaçao's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Curaçao is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:

- i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Curaçao implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Curaçao developed a strategy to ensure compliance with the AEOI Standard, developed after conducting a risk assessment that took into account a range of relevant information sources, such as the input received from peers and the interaction the tax authority has with the Reporting Financial Institutions. It has also carried out some communications activities.
- Curaçao has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the list of regulated entities and the Foreign Financial Institution list for FATCA purposes. Curaçao also uses the list of licensees from the Chamber of Commerce and the national register of companies as information sources to identify its population of unregulated entities that are Financial Institutions for the purposes of the AEOI Standard. Curaçao is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Curaçao intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institutions responsible for implementing Curaçao's compliance strategy appear to have the necessary powers and resources to discharge their functions. With respect to resourcing, Curaçao has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments from the tax inspectorate. There are also other staff who are involved in other aspects of the implementation, such as drafting the necessary regulations and developing the IT system. However, no compliance activities have yet been conducted to ensure the information being reported is complete and accurate.
- In addition to having not carried out desk-based checks in relation to the completeness and accuracy of the information, it appears that Curaçao has not yet finalised the administrative procedures to conduct audits and to access records held by Reporting Financial Institutions. It is also noted that, due to not having the required legal basis in place, Curaçao does not have procedures to address circumvention of the due diligence and reporting obligations if detected.

- While Curaçao intends to include the checking of self-certifications in its future verification activities, it has also started to develop, but not yet finalised, the procedures under which this will occur. It is also noted that Curacao's legal framework permits the collection of self-certifications in circumstances that are broader than permitted under the AEOI Standard, which will limit its ability to enforce the collection of self-certifications in some cases. Curaçao has plans to follow up with Reporting Financial Institutions that report undocumented accounts, but has not yet carried out these activities.
- Curaçao has not yet imposed any sanctions or penalties for non-compliance nor does it seem to have administrative procedures in place to apply penalties in case non-compliance is detected.
- It is noted that Curaçao does not have jurisdiction-specific lists of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Curaçao has carried out some communication and outreach activities, such as conducting information sessions for Reporting Financial Institutions and the operation of a help-desk aimed at providing assistance to those involved in AEOI reporting.
Verifying that Financial Institutions are reporting as required	Curaçao has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the list of Financial Institutions that reported with various information sources. A significant number of Financial Institutions which should have reported information but did not do so were identified and were subsequently sent reminder letters. Further follow-up activities will be carried out during audits, which are being developed.
Verifying whether the information reported is complete and accurate	While plans to do so are being developed, Curaçao has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate. This is also the case for the in-depth audits and onsite visits.
Enforcement	Following the activities mentioned above, Curaçao has not yet imposed penalties and sanctions, but has plans to do so as part of the checks and audits being developed.

Curaçao was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Curaçao was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Curaçao indicated that they achieved a success rate when matching the information received from Curaçao with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Curaçao is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to Curaçao's compliance and enforcement strategy, and the activities to verify that the information reported is complete and accurate,

including with respect to self-certifications and following up with Reporting Financial Institutions that report undocumented accounts. Curaçao should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Curaçao should develop and implement an appropriate framework, including in-depth reviews, to verify whether Reporting Financial Institutions are effectively implementing the AEOI Standard.

Curaçao should develop and implement procedures to access and review the records held by Reporting Financial Institutions to verify their compliance with the AEOI Standard.

Curaçao should develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Curaçao should put in place and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions and take enforcement activities where non-compliance is identified. Reference is made to the recommendation made when assessing Curaçao's legal frameworks implementing the AEOI Standard in relation to the sanctions with respect to failure to carry out the due diligence procedures.

Curaçao should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it. Reference is made to the recommendation made when assessing Curaçao's legal basis.

Curaçao should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Curaçao should follow up with Reporting Financial Institutions that report undocumented accounts.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Curaçao implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Curaçao has the necessary systems and procedures to process them as required. It also appears that Curaçao will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Curaçao is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Curaçao is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

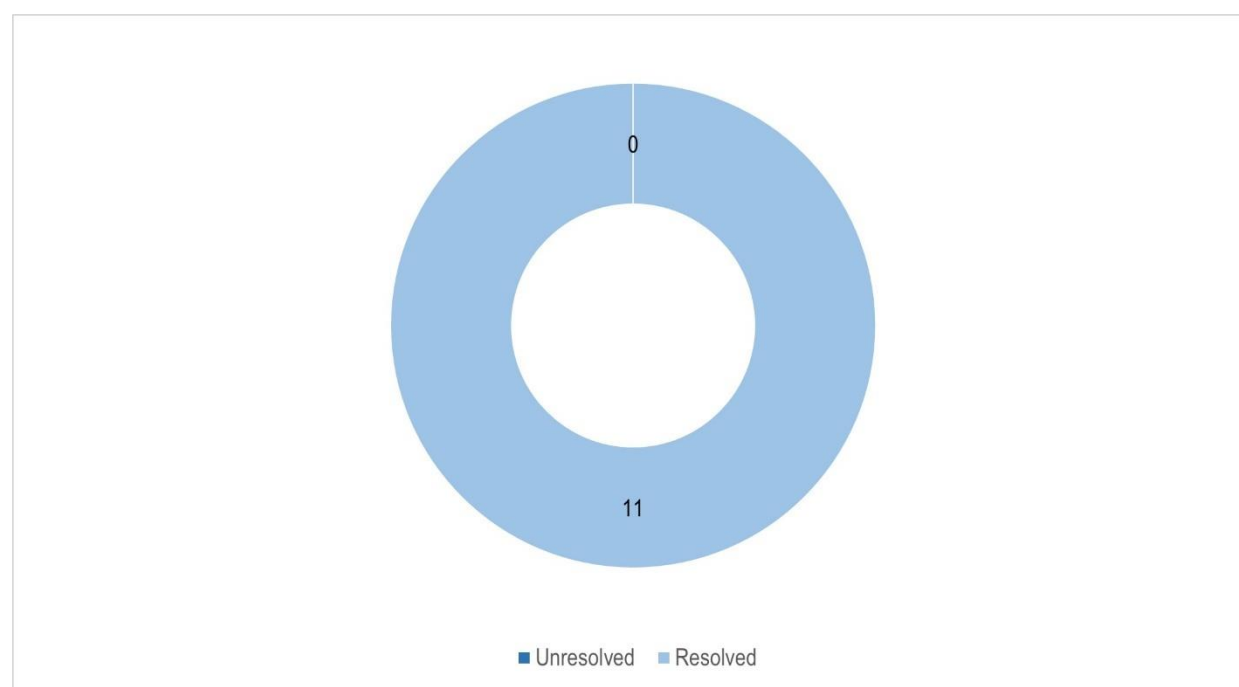
Curaçao's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Curaçao is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4), and providing corrections, amendments or additions to the information (SR 2.9) there are significant issues with respect to correctly transmitting the information and in a timely manner (SRs 2.5 – 2.8). Curaçao should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Ten exchange partners highlighted particular issues with respect to preparation and format of the information sent by Curaçao (representing 14% of its partners). These generally related to using the wrong version of the XML schema. More generally, 11 (or 16%) of Curaçao's exchange partners reported rejecting more than 50% of the files received, due to the technical requirements not being met, of which 2 exchange partners reported rejecting more than 50% of the files. This is a very high amount when compared to other jurisdictions and it has increased over time. It was noted that Curaçao has addressed all the issues.

Figure 1. Technical issues raised by Curaçao's exchange partners



Based on these findings it was concluded that Curaçao is fully meeting expectations in relation to sorting, preparing and validating the information. Curaçao is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Curaçao linked to the CTS.

Based on these findings it was concluded that Curaçao is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Curaçao is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Five exchange partners highlighted delays in the sending of information by Curaçao (representing 7% of its partners). This represents a very high proportion of exchange partners. Furthermore, two partners stated that the information has still not been received.

Based on these findings it was concluded that Curaçao is partially meeting expectations in relation to exchanging the information in a timely manner. However, significant issues have been identified, including with respect to timeliness of exchanges with a significant number of exchange partners. Curaçao should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Curaçao should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Curaçao's did not raise any concerns with respect to Curaçao's use of the agreed transmission methods and therefore with Curaçao's implementation of this requirement.

Based on these findings it was concluded that Curaçao is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Curaçao is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

24 exchange partners highlighted delays in the sending of status messages by Curaçao, representing 28% of its partners. This represents a very high proportion of exchange partners. Curaçao has still not yet sent some of the status messages due to be sent in 2021.

Based on these findings it was concluded that Curaçao is partially meeting expectations in relation to the receipt of the information. More specifically, significant issues have been identified, including with respect to the timeliness of the sending of status messages and the responsiveness to address the issues. Curaçao should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Curaçao should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Curaçao appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Curaçao's exchange partners and therefore with respect to Curaçao's implementation of these requirements.

Based on these findings it was concluded that Curaçao appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Curaçao is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Through a territorial extension by the Netherlands.

Cyprus

This report analyses the implementation of the AEOI Standard in Cyprus with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Cyprus' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Cyprus' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Cyprus' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Cyprus' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Cyprus is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Cyprus commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Cyprus:

- incorporated Article 6(16) into the Assessment and Collection of Taxes Law (L4/1978), amended on November 2017;
- enacted the National CRS Decree (161/2016); and
- issued further guidance, which is legally binding and which was updated in May 2020.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Cyprus amended its legislative framework to address issues identified, effective from 10 November 2017.

With respect to the exchange of information under the AEOI Standard, Cyprus:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Cyprus that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Cyprus requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Cyprus' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	471
Financial Accounts reported in 2021	2 575 541

Table 2 sets out the number of exchange partners to which information was successfully sent by Cyprus in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Cyprus' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	59	67	72	74

In order to provide for the effective implementation of the AEOI Standard, in Cyprus:

- the Cyprus Tax Department (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Cyprus' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by creating a platform for Financial Institutions to submit the information and then implementing and utilising the European Commission's DAC2 Validation Module for file and record validation rules; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Cyprus' legal frameworks implementing the AEOI Standard concluded with the determination that Cyprus' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Cyprus' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Cyprus are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Cyprus domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Cyprus has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Cyprus has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Cyprus has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Cyprus has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Cyprus' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Cyprus' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Cyprus and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Cyprus has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Cyprus put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Cyprus' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Cyprus are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Cyprus' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Cyprus is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Cyprus implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Cyprus implemented an administrative compliance strategy to ensure compliance with the AEOI Standard that includes risk identification and management that took into account a range of relevant information sources, such as the results of an audit program to identify non-regulated Financial Institutions, the analysis of the information collected under the AEOI Standard, feedback from exchange partners and various relevant lists of entities to identify Reporting Financial Institutions. Cyprus' compliance strategy facilitates compliance by providing information and guidance for Financial Institutions on how to fulfil their obligations and continued support for compliance. The strategy incorporates a credible approach to enforcement and Cyprus has already started enforcing the requirements, including through imposing sanctions as appropriate. Cyprus intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Cyprus has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, the company register and the lists of regulated entities in the insurance, banking, investment fund and securities sectors. Cyprus has taken effective action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as appropriate. Cyprus intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Cyprus Tax Department, responsible for implementing Cyprus' compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Cyprus has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments (e.g. a dedicated IT system). Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Cyprus effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that effective action is taken to address the circumvention of the requirements, ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Cyprus regularly updates guidance to ensure Excluded Accounts continue to pose a low risk of being used for tax evasion purposes. Cyprus does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Cyprus has carried out substantial communication and outreach activities, such as regularly publishing guidance notes, tax circulars and announcements on a dedicated website and responding to queries from Financial Institutions.
Verifying that Financial Institutions are reporting as required	Cyprus has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as reviewing several information sources to identify non regulated Financial Institutions (e.g. the Foreign Financial Institution list for FATCA purposes, the company register and entities that submit a tax return), as well as lists of regulated entities (e.g. the regulators of the insurance sector, the banking sector, the investment fund sector and the Cyprus Securities and Exchange Commission) and requiring identified Reporting Financial Institutions to register in the Ariadne portal in order to submit information. With these

Activity type	Activities undertaken
	activities, Cyprus identified many Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Cyprus has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Cyprus has initiated several in-depth audits. It accordingly identified some instances of accounts for which information was reported incorrectly, including incorrect self-certifications, but did not determine any instances where the Financial Institutions was substantially not complying with the requirements.
Enforcement	Following the activities mentioned above, Cyprus has imposed some penalties and sanctions to Financial Institutions that did not report information. Cyprus is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Cyprus, the presence of the key data points of the Tax Identification Numbers and the level of undocumented accounts appeared to be in line with most other jurisdictions. While the collection and reporting of dates of birth is generally higher across jurisdictions, Cyprus nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. As part of its compliance activities, Cyprus has identified the causes for the low rate of dates of birth, requesting updated files from the Reporting Financial Institutions and resending the corrected information with the appropriate dates of birth where needed.

One of Cyprus' exchange partners highlighted issues with respect to the information received from Cyprus referring to incorrect account numbers. Follow-up discussions confirmed that Cyprus is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Cyprus indicated that they achieved a success rate when matching the information received from Cyprus with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Cyprus is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Cyprus is therefore encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Cyprus implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Cyprus has the necessary systems and procedures to process them as required. It also appears that Cyprus will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Cyprus is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Cyprus is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

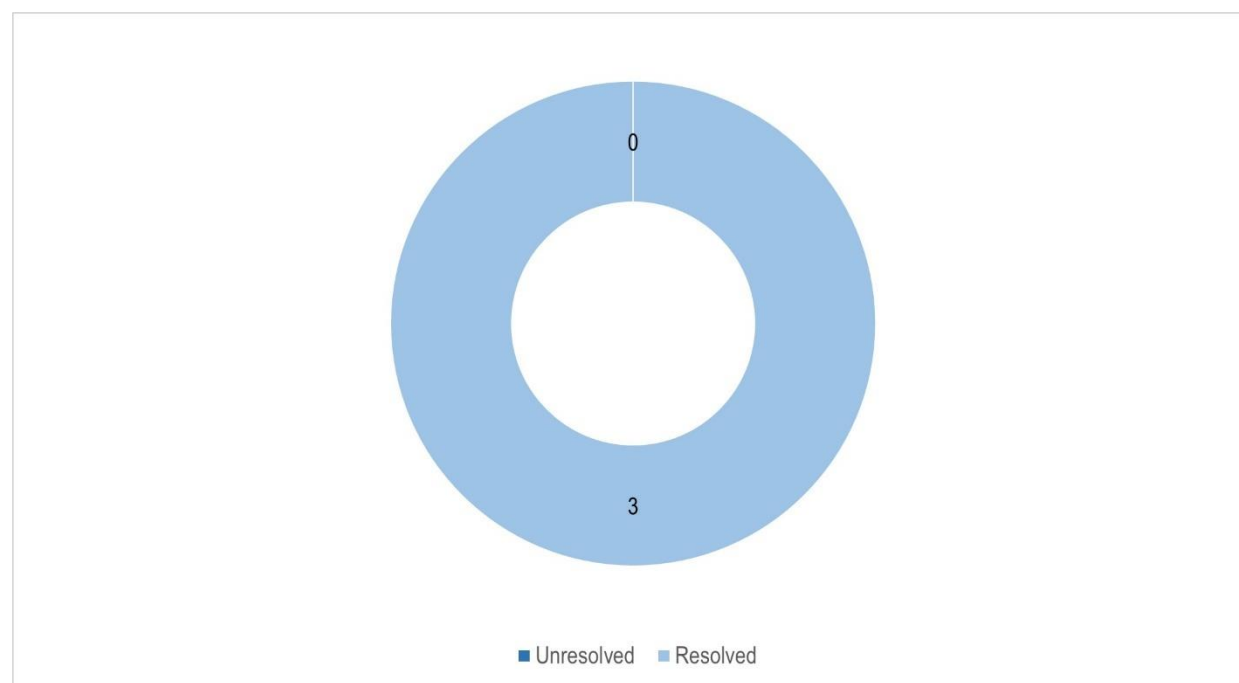
Cyprus' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Cyprus is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three of Cyprus' exchange partners highlighted particular issues with respect to preparation and format of the information sent by Cyprus (representing 4% of its partners). These generally related to record validation errors. More generally, two (or 2.7%) of Cyprus' exchange partners reported rejecting more than 25% of the files received, none of which reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Cyprus has successfully addressed all of the issues.

Figure 1. Technical issues raised by Cyprus' exchange partners



Based on these findings it was concluded that Cyprus is fully meeting expectations in relation to sorting, preparing and validating the information. Cyprus is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Cyprus linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Cyprus is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Cyprus is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Two exchange partners highlighted delays in the sending of information by Cyprus (representing 3% of its partners). This represents a relatively high proportion of exchange partners when compared to other

jurisdictions. It was noted that Cyprus successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Cyprus is fully meeting expectations in relation to exchanging the information in a timely manner. Cyprus is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Cyprus' exchange partners did not raise any concerns with respect to Cyprus' use of the agreed transmission methods and therefore with Cyprus' implementation of this requirement.

Based on these findings it was concluded that Cyprus is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Cyprus is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Seven exchange partners highlighted delays in the sending of status messages by Cyprus, representing 7% of its partners. This represents a relatively high proportion of partners and has not improved over time. It was noted that Cyprus has successfully addressed the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Cyprus is fully meeting expectations in relation to the receipt of the information. Cyprus is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Cyprus appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Cyprus' exchange partners and therefore with respect to Cyprus' implementation of these requirements.

Based on these findings it was concluded that Cyprus appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Cyprus is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Czech Republic

This report analyses the implementation of the AEOI Standard in the Czech Republic with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Czech Republic's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Czech Republic's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the Czech Republic's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Czech Republic's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). The Czech Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

The Czech Republic commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Czech Republic:

- enacted Act No. 164/2013 Coll. as amended by Act No. 105/2016 and Act No. 80/2019;
- introduced Decree No. 108/2016 Coll. repealed and replaced by Decree No. 26/2019 Coll.;
- issued further guidance, which is not legally binding; and
- made reference to Act No 253/2008 Coll. (as amended) and Act No 37/2021 Coll. implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Czech Republic made various amendments to its legislative framework to address issues identified, the last of which was effective from 1 June 2021.

With respect to the exchange of information under the AEOI Standard, the Czech Republic:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has transposed into its domestic law European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place EU agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in the Czech Republic that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Czech Republic requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Czech Republic's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	235
Financial Accounts reported in 2021	1 461 317

Table 2 sets out the number of exchange partners to which information was successfully sent by the Czech Republic in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Czech Republic's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	60	60	66	74

In order to provide for the effective implementation of the AEOI Standard, in the Czech Republic:

- the tax authority has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Czech Republic's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the tax authority; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Czech Republic's legal frameworks implementing the AEOI Standard concluded with the determination that the Czech Republic's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Czech Republic's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Czech Republic are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Czech Republic's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Czech Republic has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Czech Republic has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Czech Republic has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Czech Republic has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Czech Republic's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Czech Republic's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Czech Republic and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Czech Republic has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Czech Republic put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Czech Republic's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Czech Republic are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The Czech Republic's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The Czech Republic is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Czech Republic implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- The Czech Republic implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as an analysis of the reports submitted by Financial Institutions for AEOI purposes, including multi-year statistical analysis, and cooperation with the AML authorities. The Czech Republic's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. The Czech Republic intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- The Czech Republic has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the lists of regulated entities, the Foreign Financial Institution list for FATCA, its register of trusts, information from the results from other tax investigations and information submitted by other Financial Institutions. The Czech Republic intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing the Czech Republic's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, the Czech Republic has assigned the equivalent of 4.5 full time staff from different areas within the tax administration to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that the Czech Republic effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. The Czech Republic has taken actions to ensure self-certifications are obtained as required and is also ready to take effective action to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries if it is detected. However, while it has taken action on an ad hoc basis, the Czech Republic does not appear to have systematic procedures in place to follow up on undocumented accounts.
- The Czech Republic will keep its jurisdiction-specific list of Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes. It is noted that the Czech Republic does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Czech Republic has carried out substantial communication and outreach activities, such as the setting up of working groups including the tax authority and the various associations representing the Financial Institutions, organizing seminars for the benefit of Financial Institutions and regularly updating its dedicated CRS page on its website with answers to Frequently Asked Questions.
Verifying that Financial Institutions are reporting as required	The Czech Republic has carried out some verification activities to ensure

Activity type	Activities undertaken
	that Financial Institutions are reporting as required, such as comparing the list of Financial Institutions registered with the list of Financial Institutions that have reported information and identified fifteen Financial Institution that did not report despite having reportable accounts. It has followed up on the issues.
Verifying whether the information reported is complete and accurate	The Czech Republic has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, the Czech Republic has conducted some in-depth onsite audits. During these control activities it identified some issues commonly concerning the failure to report Reportable Accounts. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, The Czech Republic has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by the Czech Republic, the presence of the key data point relating to dates of birth appeared to be in line with most other jurisdictions. The Czech Republic was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers with respect to the individuals associated with them. This data point is key to exchange partners to effectively utilise the information and is important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. The Czech Republic was also not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from the Czech Republic indicated that they achieved a success rate when matching the information received from the Czech Republic with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, the Czech Republic is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. However, issues have been identified, including with respect to the monitoring of the collection of Tax Identification Numbers by Reporting Financial Institutions and monitoring and following up on undocumented accounts. The Czech Republic should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Czech Republic should implement systems to collect and monitor information on the reporting of Tax Identification Numbers and undocumented accounts to inform its compliance strategy.

The Czech Republic should develop and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that the Czech Republic implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Czech Republic has the necessary systems and procedures to process them as required. It also appears that the Czech Republic will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that the Czech Republic is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Czech Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

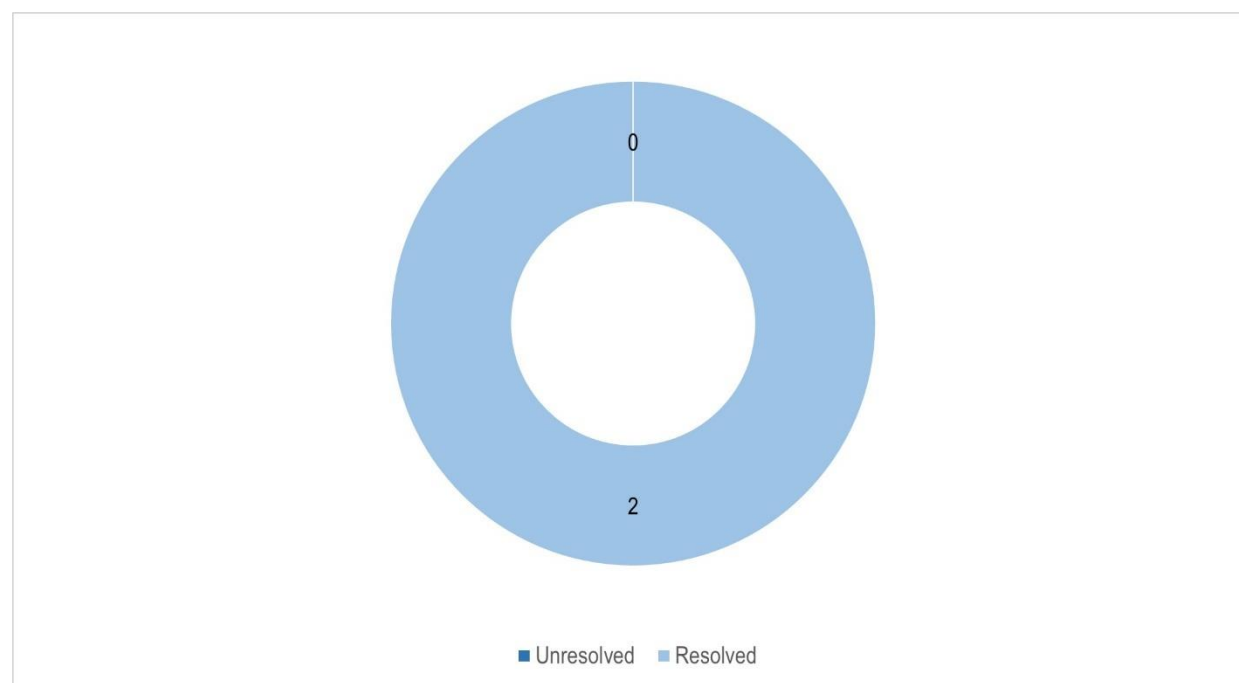
The Czech Republic's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The Czech Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by the Czech Republic (representing 3% of its partners). These generally related to the provision of a valid message and the correction of record errors notified. More generally, one of the Czech Republic's exchange partners reported rejecting more than 25% of the files received, and none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that the Czech Republic has already successfully addressed all of the issues.

Figure 1. Technical issues raised by the Czech Republic's exchange partners



Based on these findings it was concluded that the Czech Republic is fully meeting expectations in relation to sorting, preparing and validating the information. The Czech Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Czech Republic linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that the Czech Republic is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Czech Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by the Czech Republic. It was noted that the Czech Republic successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that the Czech Republic is fully meeting expectations in relation to exchanging the information in a timely manner. The Czech Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Czech Republic's exchange partners did not raise any concerns with respect to the Czech Republic's use of the agreed transmission methods and therefore with the Czech Republic's implementation of this requirement.

Based on these findings it was concluded that the Czech Republic is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Czech Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by the Czech Republic. It was noted that The Czech Republic appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that the Czech Republic is fully meeting expectations in relation to the receipt of the information. The Czech Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Czech Republic appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Czech Republic's exchange partners and therefore with respect to the Czech Republic's implementation of these requirements.

Based on these findings it was concluded that the Czech Republic appears to be meeting expectations in relation to responding to notifications from exchange partners and sending of corrected, amended or additional information. The Czech Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Denmark

This report analyses the implementation of the AEOI Standard in Denmark with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Denmark's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Denmark's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Denmark's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Denmark's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Denmark is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Denmark commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Denmark:

- enacted Section 66 of the Tax Control Act and sections 22 and 23 of the Tax Reporting Act (and in connection to sections 22 and 23, paragraphs 2 and 3 of section 48, section 52, paragraphs 5 and 6 of section 54, sections 55-57, and sections 59-63 of the Tax Reporting Act);
- introduced the Regulation on Identification of and Reporting on Foreign Financial Accounts; and
- issued Frequently Asked Questions, which are not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Denmark made various amendments to its legislative framework to address issues identified, the last of which was effective from 1 January 2019.

With respect to the exchange of information under the AEOI Standard, Denmark:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries²; and
- put in place three bilateral agreements.³

Table 1 sets out the number of Financial Institutions in Denmark that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Denmark requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Denmark's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	234
Financial Accounts reported in 2021	884 475

Table 2 sets out the number of exchange partners to which information was successfully sent by Denmark in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Denmark's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	73	76

In order to provide for the effective implementation of the AEOI Standard, in Denmark:

- the Danish Tax and Customs Administration (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Denmark's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through a national CRS reporting system (TastSelv Erhverv and FTPsGateway); and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Denmark's legal frameworks implementing the AEOI Standard concluded with the determination that Denmark's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Denmark implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Denmark are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Denmark's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Denmark has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Denmark has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Denmark has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Denmark has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Denmark's international legal framework to exchange the information is **in place**, is consistent with the Model CAA and its Commentary and provides for exchange with all of Denmark's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Denmark and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Denmark has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Denmark put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Denmark's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Denmark are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Denmark's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Denmark is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Denmark implemented all but one of the requirements in accordance with expectations. The key findings were as follows:

- Denmark implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, including information from the financial regulators, feedback from peers, information from the tax authority's audit team and information reported by the taxpayers. Denmark's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Denmark intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Denmark has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, including the lists of regulated entities maintained by financial regulators, the Foreign Financial Institution list for FATCA purposes and the list of entities that have domestic registration and reporting obligations for depository and custodian accounts. Denmark is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Denmark intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Denmark's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Denmark has assigned the equivalent of six full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Denmark effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Denmark is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and ensures self-certifications are obtained as required. However, Denmark does not have clearly defined procedures to follow up with Reporting Financial Institutions when undocumented accounts are reported.
- Denmark will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Denmark has carried out some communication and outreach activities, such as issuing technical guidance to Reporting Financial Institutions, and initiating various communication programmes.
Verifying that Financial Institutions are reporting as required	Denmark has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as requiring nil returns, cross-checking other regulatory lists of Financial Institutions and conducting enquiries with respect to non-regulated Financial Institutions. In doing so it identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Denmark has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Denmark has conducted some onsite visits. It accordingly identified some issues, commonly concerning missing Tax Identification Numbers or dates of birth, and errors in records names or account values. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Denmark has not yet imposed penalties and sanctions, but has plans to do so in the near future. It will monitor the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Denmark, while the collection and reporting of dates of birth is generally higher across jurisdictions, Denmark nevertheless reported a lower rate of collection of dates of birth when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Denmark is aware of this issue and is taking steps to address it. Information provided by Denmark also showed that the collection and reporting of Tax Identification Numbers and the number of undocumented accounts reported by its Reporting Financial Institutions are broadly in line with the general experience of other jurisdictions.

Based on these findings it was concluded that, overall, Denmark is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement in relation to following up on undocumented accounts. Denmark is encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Denmark should put in place and implement a clearly defined policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Denmark implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Denmark has the necessary systems and procedures to process them as required. It also appears that Denmark will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Denmark is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Denmark is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Denmark's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Denmark is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Denmark's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Denmark and therefore with respect to Denmark's implementation of these requirements. More generally, one of Denmark's exchange partners reported rejecting more than 25%, although not more than 50%, of the files received, due to the technical requirements not being met. This is a relatively low amount when compared with other jurisdictions. It was noted that Denmark has already successfully addressed the issue.

Based on these findings it was concluded that Denmark is fully meeting expectations in relation to sorting, preparing and validating the information. Denmark is therefore encouraged to continue its implementation process accordingly to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Denmark linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Denmark is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Denmark is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Denmark's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Denmark and therefore with respect to Denmark's implementation of this requirement.

Based on these findings it was concluded that Denmark is fully meeting expectations in relation to exchanging the information in a timely manner. Denmark is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Denmark's exchange partners did not raise any concerns with respect to Denmark's use of the agreed transmission methods and therefore with Denmark's implementation of this requirement.

Based on these findings it was concluded that Denmark is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Denmark is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Denmark's exchange partners did not raise any concerns with respect to Denmark receipt of the information and therefore with Denmark's implementation of these requirements.

Based on these findings it was concluded that Denmark is fully meeting expectations in relation to the receipt of the information. Denmark is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Denmark appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Denmark's exchange partners and therefore with respect to Denmark's implementation of these requirements.

Based on these findings it was concluded that Denmark appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Denmark is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

³ The Faroe Islands, Greenland and Singapore.

Dominica

This report analyses the implementation of the AEOI Standard in Dominica with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Dominica's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Dominica's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Dominica's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Dominica's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Dominica is partially compliant with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Dominica committed to commence exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information), although actually commenced the exchanges in 2021.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Dominica:

- enacted the Automatic Exchange of Financial Account Information (Common Reporting Standard) Act, 2019; and
- made reference to the Money Laundering (Prevention) Statutory Rules and Orders No. 4 of 2013 for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2019. With respect to Pre-existing Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2019 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2020.

Following the initial Global Forum peer review, Dominica amended its legislative framework to address issues identified, effective from 14 July 2021.

With respect to the exchange of information under the AEOI Standard, Dominica is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2020.

Table 1 sets out the number of Financial Institutions in Dominica that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or relating to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Dominica requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Dominica's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	12
Financial Accounts reported in 2021	4 900

Table 2 sets out the number of exchange partners to which information was successfully sent by Dominica in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Dominica's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	n/a	n/a	n/a	56

In order to provide for the effective implementation of the AEOI Standard, in Dominica:

- the International Tax Affairs Unit of the Inland Revenue Division (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Dominica's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with an AEOI portal that allows for XML Schema file upload; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Dominica's legal frameworks implementing the AEOI Standard concluded with the determination that Dominica's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Dominica's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Dominica are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Dominica's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Dominica has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Dominica has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Dominica has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Dominica has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Dominica's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Dominica's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Dominica and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Dominica has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Dominica put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Dominica's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Dominica are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Dominica's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Dominica is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Dominica should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Dominica implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Dominica has an overarching strategy to ensure compliance with the AEOI Standard and has begun implementing certain elements. However, the strategy is limited in detail and is not based upon a risk assessment. There also does not appear to be a formalised plan or activity undertaken to ensure that the interaction between Dominica's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- Dominica has undertaken some work to identify its population of Financial Institutions, utilising lists of regulated entities and has taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. However, plans are not yet adequately developed to allow them to also identify any relevant non-regulated entities to ensure that they also report information as required.
- The institution responsible for implementing Dominica's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Dominica has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which will have access to the AEOI portal to conduct risk assessments on particular Financial Institutions.
- Dominica has plans to carry out verification activities, including desk-based and onsite audits of Reporting Financial Institutions, although these plans are not very developed. For example, they contain limited detail in relation to planned activity to review self-certification procedures and to follow up on undocumented accounts. Furthermore, Dominica does not have clear or documented processes in place with respect to addressing circumvention of the AEOI Standard by Reporting Financial Institutions, persons or intermediaries. Dominica also does not have procedures in place to apply penalties and sanctions for non-compliance when it is identified.
- It is noted that Dominica does not have jurisdiction-specific lists of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Dominica has carried out some communication and outreach activities, such as training seminars for Financial Institutions in relation to their reporting obligations. Dominica has plans to carry out further activities in the near future.
Verifying that Financial Institutions are reporting as required	Dominica has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as by cross-checking lists of regulated financial entities and contacting those that did not report information, and Dominica identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Dominica has not yet conducted desk-based checks or in-depth audits and onsite visits to verify whether the information reported is complete and accurate but has plans to do so in the near future.
Enforcement	Following the activities mentioned above, Dominica has not yet imposed any penalties and sanctions but has plans to do so in the near future.

With respect to the Financial Account information collected and sent by Dominica, the presence of the key data point of the Tax Identification Numbers appeared to be in line with most other jurisdictions. While the collection and reporting of dates of birth is generally higher across jurisdictions, Dominica nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Dominica is aware of this issue and is taking steps to address it. Dominica stated that no undocumented accounts were reported.

Due to the delay in the exchange of data in 2021, full information on the success of Dominica's exchange partners in matching information from Dominica with their taxpayer database is not available. Two exchange partners highlighted issues with respect to the information received, such as a lower proportion of accounts with valid TINs and a lower proportion of accounts with dates of birth than that received for other jurisdictions. Follow-up discussions confirmed that Dominica is aware of these issues and is seeking to improve the situation.

Based on these findings, it was concluded that Dominica is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to implementing a compliance strategy based on risk assessment and to further developing and implementing plans to undertake verification activities to ensure that information reported by Reporting Financial Institutions is complete and accurate and to ensure that valid self-certifications are always obtained when required. Dominica should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Dominica should further develop and implement an overarching compliance strategy that is informed by a risk assessment that takes into account a range of relevant information sources.

Dominica should expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard to ensure they report information as required.

Dominica should implement its framework and take appropriate actions to verify that Reporting Financial Institutions are effectively implementing the AEOI Standard and are reporting complete and accurate information, including in-depth reviews and reviewing the records they hold, as well as ensuring that the interaction between its AML and AEOI frameworks results in the collection and reporting of information in accordance with the AEOI Standard.

Dominica should further develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Dominica should put in place and implement a clearly defined policy to ensure that Reporting Financial Institutions understand the requirements in respect of undocumented accounts.

Dominica should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Dominica should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Dominica exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Dominica implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Dominica has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Dominica is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Dominica is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

Dominica's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Dominica is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4), and providing corrections, amendments or additions to the information (SR 2.9), there have been significant issues with respect to Dominica correctly transmitting the information and in a timely manner (SRs 2.5 – 2.7). This reflects the significant delay in commencing exchanges, including the exchanges commencing later than nine months after the end of calendar year to which the first information reported by Reporting Financial Institutions related. It is noted that this issue appears to be addressed for future exchanges. The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Dominica exchanges information non-reciprocally, so does not receive information. While Dominica has shown improvement over time, Dominica should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted a particular issue with respect to preparation and format of the information sent by Dominica. This related to the file preparation requirements. More generally, two (or 4%) of Dominica's exchange partners reported rejecting more than 25% of the files received, of which one

reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Dominica has already successfully addressed the issue raised.

Based on these findings it was concluded that Dominica is fully meeting expectations in relation to sorting, preparing and validating the information. Dominica is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Dominica linked to the CTS.

Based on these findings it was concluded that Dominica is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Dominica is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Dominica committed to commence exchanges under the AEOI Standard in 2018 but its implementation of the technical requirements was significantly delayed. Dominica commenced exchanges of information under the AEOI Standard in December 2021, exchanging information that related to the 2020 calendar year. Dominica now has systems in place to receive information from Reporting Financial Institutions and to report the information to partners within nine months of the end of the calendar year, meaning that the issues that prevented timely reporting should now be addressed for future exchanges.

Based on these findings it was concluded that, while the issues should be addressed for future exchanges, Dominica is so far not meeting expectations in relation to exchanging the information in a timely manner. More specifically, fundamental issues have been identified in relation to the exchanges until 2021. Dominica should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Dominica should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Dominica's exchange partners did not raise any concerns with respect to Dominica's use of the agreed transmission methods and therefore with Dominica's implementation of this requirement.

Based on these findings it was concluded that Dominica is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Dominica is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Dominica exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Dominica appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Dominica's exchange partners and therefore with respect to Dominica's implementation of these requirements.

Based on these findings it was concluded that Dominica appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Dominica is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Estonia

This report analyses the implementation of the AEOI Standard in Estonia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Estonia's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Estonia's international legal framework to exchange the information with all of Estonia's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has a deficiency significant to the proper functioning of elements of the AEOI Standard. More specifically, Estonia's legal framework includes a category of jurisdiction-specific Excluded Account that is not in accordance with the AEOI Standard.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Estonia's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Estonia is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Estonia commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Estonia:

- enacted the Tax Information Exchange Act;
- published further guidance, which is not legally binding; and
- relies on its legal framework implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Pre-existing Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Estonia amended its legislative framework to address issues identified, effective from 20 July 2020.

With respect to the exchange of information under the AEOI Standard, Estonia:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries¹; and
- put in place a bilateral agreement.²

Table 1 sets out the number of Financial Institutions in Estonia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Estonia requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Estonia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	28
Financial Accounts reported in 2021	161 206

Table 2 sets out the number of exchange partners to which information was successfully sent by Estonia in the past few years (including where the necessary frameworks were in place but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Estonia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	62	66	69	73

In order to provide for the effective implementation of the AEOI Standard in Estonia:

- the Tax and Customs Board (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Estonia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the tax authority's online services portal e-MTA; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN) are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Estonia's legal frameworks implementing the AEOI Standard concluded with the determination that Estonia's domestic legal framework is In Place But Needs

Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Estonia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Estonia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Estonia's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2). More specifically, Estonia's legislative framework provides for a category of jurisdiction-specific Excluded Account that does not meet all the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Estonia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Estonia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Estonia provides for a jurisdiction-specific Excluded Account that is not in accordance with the requirements. The definition of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

Estonia should amend its domestic legislative framework to remove Insurance Contracts for Supplementary Funded Pensions from its jurisdiction-specific list of Excluded Accounts as they do not meet the requirements of the AEOI Standard.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Estonia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Estonia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Estonia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Estonia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Estonia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Estonia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Estonia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Estonia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Estonia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Estonia's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Estonia is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Estonia should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and

- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Estonia implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Estonia developed a compliance strategy, based on a risk assessment that takes into account a range of relevant information sources. The strategy has involved some education and assistance activities as well as the verification of the policies and procedures of Reporting Financial Institutions. Estonia has not yet developed its procedures to test whether Reporting Financial Institutions correctly apply the requirements of the AEOI Standard where these requirements are only included in Estonia's non-binding guidance, or to ensure that the interaction between Estonia's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- Estonia has taken steps to understand its population of Financial Institutions, cross-checking domestic lists of regulated entities, the Foreign Financial Institution list for FATCA purposes, and obtaining information on members of financial associations to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. The information sources used could be expanded with respect to the identification of entities that may be Financial Institutions for the purposes of the AEOI Standard.
- The institution responsible for implementing Estonia's compliance strategy appears to have the necessary powers to enforce the requirements. With respect to resourcing, Estonia has a cross department working group of four staff available for AEOI tasks, and additionally has assigned one full time staff to monitor and ensure compliance by Reporting Financial Institutions, which has access to IT systems and tools to conduct risk assessments.
- Verification activities have commenced in relation to ensuring that Reporting Financial Institutions are carrying out the due diligence required by the AEOI Standard through data analysis and checking that they have documented policies and procedures, but this does not extend to directly verifying that the policies and procedures are carried out in practice. However, there are plans to do so in the future. Checks related to self-certifications have also been limited to review of policy and procedural materials, but there are plans to sample accounts for such documentation in the future.
- Estonia has followed up on undocumented accounts and is ready to take effective action to address circumvention of the requirements if circumvention is detected. Estonia is also reviewing its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts to ensure that they remain low risk.
- Estonia has one category of Excluded Account that has been recommended to be removed from its jurisdiction-specific list of Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Estonia has carried out some support and assistance activities, and more are planned.
Verifying that Financial Institutions are reporting as required	Estonia has carried out some verification activities to ensure that Financial Institutions are reporting as required, specifically comparing Reporting Financial Institutions with domestic regulatory lists and the FATCA FFI list, and identified one Financial Institution incorrectly not reporting. It followed up with that entity to ensure compliance.
Verifying whether the information reported is complete and accurate	Estonia has carried out reviews of policy and procedures of Reporting Financial Institutions, but has not yet conducted in-depth audits in a manner designed to fully test compliance through the direct checking of underlying documentation. However, it has plans to do so in the future through appropriate sampling of accounts, including verifying the collection of self-certifications.
Enforcement	Estonia has not yet imposed penalties and sanctions, but has the procedures to do so when non-compliance is identified.

With respect to the Financial Account information collected and sent by Estonia, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Estonia indicated that they achieved a success rate when matching the information received from Estonia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Estonia is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to the implementation of effective verification mechanisms to assure compliance. Estonia should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Estonia should expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Estonia should further implement its procedures to verify whether Reporting Financial Institutions are complying with the AEOI Standard, including ensuring that the provisions contained only in non-binding guidance are applied effectively in practice and that it monitors the interaction between its AML framework and its CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard.

Estonia should actively monitor and verify whether self-certifications have been obtained in all cases required by the AEOI Standard, including ensuring that the self-certifications contain all required information.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Estonia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Estonia has the necessary systems and procedures to process them as required. It also appears that Estonia will notify its partners effectively if errors or suspected non-compliance is identified when utilising the information received.

Based on these findings it was concluded that Estonia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Estonia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Estonia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Estonia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

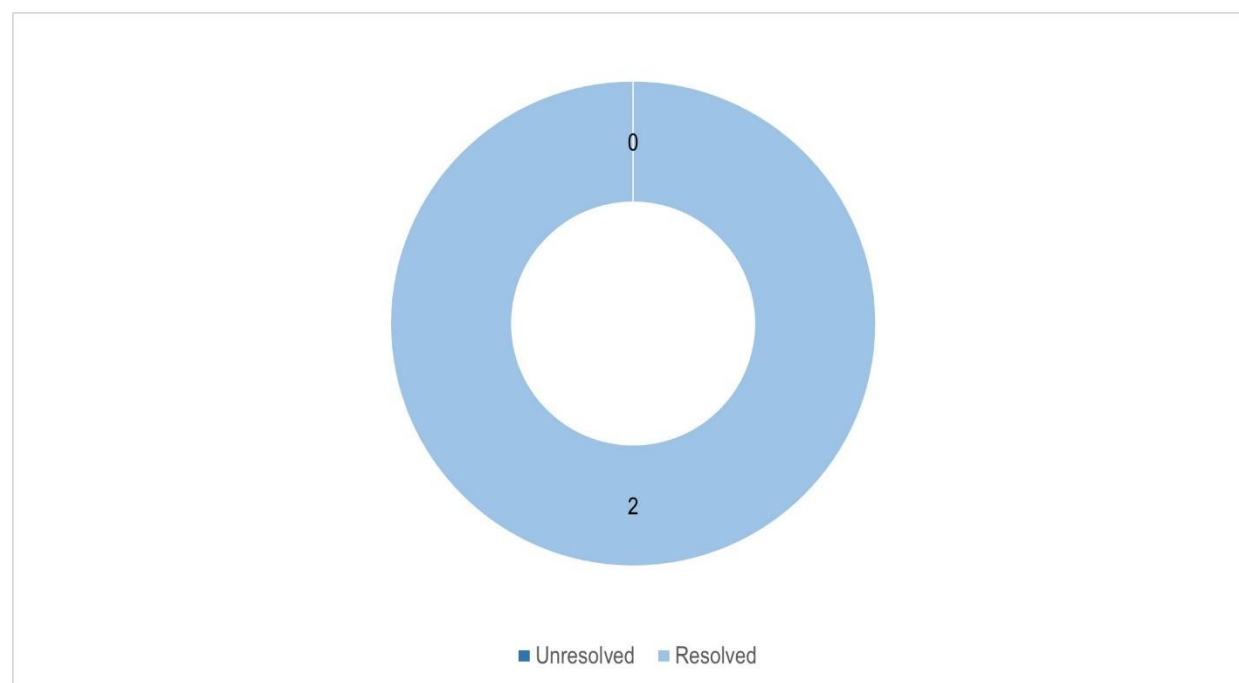
SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted a specific issue with respect to preparation and format of the information sent by Estonia relating to failing a technical scan of the file (representing X% of its partners). More generally, four (or 5%) of Estonia's exchange partners reported rejecting more than 25% of the files received, of which three (or 4%) reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that Estonia has already successfully addressed all of the issues.

Based on these findings it was concluded that, overall, Estonia is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to its systems and procedures to sort, prepare and validate the information. Estonia is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Figure 1. Technical issues raised by Estonia's exchange partners



Recommendations:

Estonia should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Estonia linked to the CTS and the CCN which is used for the purposes of exchanges within the EU.

Based on these findings it was concluded that Estonia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Estonia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Estonia's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Estonia and therefore with respect to Estonia's implementation of this requirement.

Based on these findings it was concluded that Estonia is fully meeting expectations in relation to exchanging the information in a timely manner. Estonia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Estonia's exchange partners did not raise any concerns with respect to Estonia's use of the agreed transmission methods and therefore with Estonia's implementation of this requirement.

Based on these findings it was concluded that Estonia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Estonia is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by Estonia, representing 2% of its partners. It was noted that Estonia appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Estonia is meeting expectations in relation to the receipt of the information. It was noted that there is room for improvement with respect to ensuring that status messages are sent in a timely manner in all cases. Estonia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Estonia should ensure that it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Estonia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Estonia's exchange partners and therefore with respect to Estonia's implementation of these requirements.

Based on these findings it was concluded that Estonia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Estonia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

There is no doubt that a smooth cooperation between tax authorities creates a fairer economic environment for people, businesses and jurisdictions. The Global Forum on Transparency and Exchange of Information for Tax Purposes is significantly contributing to that goal by monitoring and assisting in the implementation of now various global standards.

We have a great appreciation for the kind guidance received from the assessment team during this assessment period.

Regarding the supervision of financial institutions, Estonia focused initially on consulting the relevant institutions with the objective of giving the financial market sufficient time to get their IT-systems and processes running. At the same time Estonia's financial supervision agencies carried out extraordinary anti-money laundering inspections at all the banks and branches of foreign banks operating in Estonia. The risks from serving non-residents were substantially reduced and as of the end of 2021 the share of non-residents in Estonian credit institutions remains only 2,97%. This data has indicated that the overall level of compliance with CRS is satisfactory and Estonian Tax and Customs Board could prioritize the resources on supporting voluntary compliance and on the use of information before initiating more comprehensive audits of Reporting Financial Institutions as a next step.

The recommendations given are accepted as fair and valuable indicators for designing the improvements in the near future. Estonia has been actively exchanging automated data since 2015 in EU and will continue to enhance its efforts to improve the effectiveness of the AEOI Standard in practice.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Singapore. Estonia has also activated a relationship under the CRS MCAA with Singapore.

Faroe Islands

This report analyses the implementation of the AEOI Standard in the Faroe Islands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Faroe Islands' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Faroe Islands' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all the Faroe Islands' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Faroe Islands' implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While the Faroe Islands is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

The Faroe Islands commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Faroe Islands:

- amended the Faroese Tax Act No. 86 of 1 September 1983 (by Act No. 50 of 6 May 2016); and
- introduced the Regulation No. 11 of 19 February 2016, as amended in 2017, 2018, 2019, 2021 and 2022.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Faroe Islands made various amendments to its legislative framework to address issues identified, the last of which was effective from 19 May 2022.

With respect to the exchange of information under the AEOI Standard, the Faroe Islands:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹, and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place two bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the Faroe Islands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Faroe Islands requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Faroe Islands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	12
Financial Accounts reported in 2021	44 986

Table 2 sets out the number of exchange partners to which information was successfully sent by the Faroe Islands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Faroe Islands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	67	67	73

In order to provide for the effective implementation of the AEOI Standard, in the Faroe Islands:

- the Tax Administration of the Faroe Islands (TAKS) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Faroe Islands' exchange partners;
- the technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by dedicated reporting system Ognarskrá (OG); and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Faroe Islands' legal frameworks implementing the AEOI Standard concluded with the determination that the Faroe Islands' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Faroe Islands' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Faroe Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Faroe Islands' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Faroe Islands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Faroe Islands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Faroe Islands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Faroe Islands has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Faroe Islands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Faroe Islands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from The Faroe Islands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Faroe Islands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Faroe Islands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Faroe Islands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Faroe Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

The Faroe Islands' implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are significant issues in relation to the Faroe Islands ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The Faroe Islands should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Faroe Islands implemented some of the requirements in accordance with expectations. However, a significant issue was identified. The key findings were as follows:

- The Faroe Islands implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information from other financial regulators and feedback from exchange partners. The Faroe Islands' compliance strategy facilitates compliance and incorporate a credible approach to enforcement. The Faroe Islands intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- The Faroe Islands has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as information from the financial regulators, the specific registration code of all entities, and the Foreign Financial Institution list for FATCA purposes. The Faroe Islands is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules. The Faroe Islands intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing the Faroe Islands' compliance strategy appears to have the necessary resources to discharge its functions. The Faroe Islands has assigned two part-time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. However, the Faroe Islands does not have legal powers to conduct onsite compliance reviews or audits of Financial Institutions, which could undermine the effectiveness of the implementation of its compliance strategy.
- The Faroe Islands has conducted compliance control activities in relation to the four biggest Reporting Financial Institutions (accounting for 1/3 of the total number of Reporting Financial Institutions), including requiring them to respond to a compliance questionnaire that contains questions regarding various key elements of the AEOI Standard, e.g. specific verifications on whether self-certifications are always obtained as required. It appears that the Faroe Islands has a clearly defined procedure to apply sanctions where non-compliance is identified.
- The Faroe Islands is ready to take effective action to address circumvention of the requirements if such circumvention is detected, to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- The Faroe Islands also keeps its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Faroe Islands has carried out some communication and outreach activities, such as having physical meetings with the Reporting Financial Institutions.
Verifying that Financial Institutions are reporting as required	While it has covered its population of regulated entities, the Faroe Islands has not yet carried out verification activities to ensure that non-regulated

	entities that are Financial Institutions for purposes of the AEOI Standard are reporting as required, but has plans to do so in the near future.
Verifying whether the information reported is complete and accurate	The Faroe Islands has conducted some desk-based checks, including inspection of records maintained by the Reporting Financial Institutions, covering 1/3 of the Reporting Financial Institutions to verify whether the information being reported is complete and accurate. Furthermore, the Faroe Islands has not yet carried out in-depth audits or onsite visits, but has plans to do so in the near future.
Enforcement	Following the activities mentioned above, the Faroe Islands has not yet imposed penalties and sanctions, but has plans to do so in the near future.

In terms of the Financial Account information collected and sent by the Faroe Islands, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across other jurisdictions, the Faroe Islands nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Information provided by the Faroe Islands also showed a significantly higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that the Faroe Islands is aware of these issues and is taking steps to address them. Two exchange partners highlighted issues with respect to the information received, such as missing accounts. Follow-up discussions confirmed that the Faroe Islands is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from the Faroe Islands indicated that they achieved a success rate when matching the information received from the Faroe Islands with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that the Faroe Islands is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, a significant issue has been identified with respect to the lack of effective powers of the administrative authority to verify compliance by Financial Institutions. The Faroe Islands should therefore continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

The Faroe Islands should ensure that its administrative authority has effective powers to verify compliance by Financial Institutions, including by way of accessing records and obtaining information during onsite audits.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that the Faroe Islands implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Faroe Islands has the necessary systems and procedures to process them as required. It also appears that the Faroe

Islands will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that the Faroe Islands is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Faroe Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Faroe Islands' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The Faroe Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from the Faroe Islands' exchange partners did not raise any specific concerns with respect to their ability to process the information received from the Faroe Islands and therefore with respect to the Faroe Islands' implementation of these requirements. One of the Faroe Islands' exchange partners reported rejecting more than 25% of the files received, but not more than 50%, due to the technical requirements not being met. This is a low amount when compared to other jurisdictions. It was noted that the Faroe Islands has already successfully addressed the issue raised.

Based on these findings it was concluded that the Faroe Islands is fully meeting expectations in relation to sorting, preparing and validating the information. The Faroe Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Faroe Islands linked to the CTS.

Based on these findings it was concluded that the Faroe Islands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Faroe Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the Faroe Islands' exchange partners did not raise any concerns with respect to timeliness of the exchanges by the Faroe Islands and therefore with respect to the Faroe Islands' implementation of this requirement.

Based on these findings it was concluded that the Faroe Islands is fully meeting expectations in relation to exchanging the information in a timely manner. The Faroe Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Faroe Islands' exchange partners did not raise any concerns with respect to the Faroe Islands' use of the agreed transmission methods and therefore with the Faroe Islands' implementation of this requirement.

Based on these findings it was concluded that the Faroe Islands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Faroe Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from the Faroe Islands' exchange partners did not raise any concerns with respect to the Faroe Islands' receipt of the information and therefore with the Faroe Islands' implementation of these requirements.

Based on these findings it was concluded that the Faroe Islands is fully meeting expectations in relation to the receipt of the information. The Faroe Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Faroe Islands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Faroe Islands' exchange partners and therefore with respect to the Faroe Islands' implementation of these requirements.

Based on these findings it was concluded that the Faroe Islands appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Faroe Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Finland

This report analyses the implementation of the AEOI Standard in Finland with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Finland's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Finland's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Finland's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Finland's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Finland commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Finland:

- enacted the Act on the amendment of the Act on national implementation of provisions of a legislative nature in Council Directive on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, and application of the Directive (1703/2015) as amended by the amendment Act (881/2017), and the Act on the amendment of the Tax Assessment Procedure Act (227/2016) as amended by the amendment Act (1560/2019);
- introduced the Decision of the Tax Administration on the requirement to report information on financial accounts (A35/200/2016); and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Pre-existing Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Finland made various amendments to its legislative framework to address issues identified, the last of which was effective from 1 January 2020.

With respect to the exchange of information under the AEOI Standard, Finland:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries³; and
- put in place a bilateral agreement.⁴

Table 1 sets out the number of Financial Institutions in Finland that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Finland requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Finland's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	784
Financial Accounts reported in 2021	550 367

Table 2 sets out the number of exchange partners to which information was successfully sent by Finland in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Finland's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	70	77

In order to provide for the effective implementation of the AEOI Standard in Finland:

- the Finnish Tax Administration (the FTA, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Finland's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the FTA; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Finland's legal frameworks implementing the AEOI Standard concluded with the determination that Finland's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Finland's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Finland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Finland's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Finland has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Finland has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Finland has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Finland has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Finland's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Finland's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Finland and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Finland has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Finland put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Finland's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Finland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Finland's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. Include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Finland implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Finland implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the AEOI returns submitted by the Financial Institutions, domestic returns submitted by entities in Finland and feedback received from its exchange partners. More specifically, the FTA has developed a staged approach to implementing its compliance strategy. In the initial stage communication activities have been regularly conducted thereby ensuring that all stakeholders involved have a good understanding of their obligations as regards the implementation of the AEOI Standard. Guidance is also regularly published on the FTA's website to disseminate information to Financial Institutions. Finland's compliance strategy therefore facilitates compliance. Finland's strategy also incorporates a credible approach to enforcement. Finland intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Finland has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the lists of regulated entities maintained by Finland's financial regulators, the Foreign Financial Institution list for FATCA purposes, information from Financial Institutions on the Financial Accounts they maintain for other Financial Institution Account Holders and information from industry associations. Finland is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required. Finland intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Finland's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Finland has assigned the equivalent of five full time and five part time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Finland effectively enforces the requirements through appropriate verification and compliance reviews by the FTA, such as onsite visits and through the inspection of records of Reporting Financial Institutions. Dissuasive penalties and sanctions have been imposed in cases where non-compliance is identified. Finland is ready to take effective action to address circumvention of the requirements if such circumvention is detected. Finland also have formal procedures in place to ensure self-certifications are obtained by Reporting Financial Institutions as required and to follow up on undocumented accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Finland has carried out substantial communication and outreach activities, such as seminars among Financial Institutions and third-party service providers as well as meetings with several major financial groups to ensure a sufficient level of awareness.
Verifying that Financial Institutions are reporting as required	Finland has carried out substantial verification activities to ensure that Financial Institutions are reporting as required such as comparing the

Activity type	Activities undertaken
	Reporting Financial Institution list with list of institutions maintained by the regulators of the financial sector and identified many Financial Institutions incorrectly not reporting. It followed up with these Financial Institutions to ensure compliance on an ongoing basis.
Verifying whether the information reported is complete and accurate	Finland has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore Finland has conducted some onsite visits. It accordingly identified some issues, commonly concerning Reportable Accounts which were not reported, and Financial Institutions that reported information but were identified as substantially not complying with the requirements. It followed up with these Financial Institutions to ensure compliance on an ongoing basis.
Enforcement	Following the activities mentioned above, Finland has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Finland, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. Information provided by Finland showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. The number of undocumented accounts has also increased over time. Follow-up discussions confirmed that Finland is aware of these issues and is taking steps to address them.

More generally, many of the exchange partners that received a significant number of records from Finland indicated that they achieved a success rate when matching the information received from Finland with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Finland is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Finland is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Finland implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Finland received a notification from one exchange partner and successfully processed it in a timely manner, resolving the issues raised. It also appears that Finland will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Finland is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Finland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendation made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Finland's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Finland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Finland's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Finland and therefore with respect to Finland's implementation of these requirements. More generally, none of Finland's exchange partners reported rejecting more than 25% of the files received. This is very low when compared to other jurisdictions.

Based on these findings it was concluded that Finland is fully meeting expectations in relation to sorting, preparing and validating the information. Finland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Finland linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Finland is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Finland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Finland's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Finland and therefore with respect to Finland's implementation of this requirement. The exchanges were all made within the required timeline.

Based on these findings it was concluded that Finland is fully meeting expectations in relation to exchanging the information in a timely manner. Finland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Finland's exchange partners highlighted that Finland sent the information in accordance with the agreed transmission and encryption standards.

Based on these findings it was concluded that Finland is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Finland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Three exchange partners highlighted delays in the sending of status messages by Finland, representing 3% of its partners. It was noted that Finland has however, addressed these issues and has ultimately sent the status messages successfully.

Based on these findings it was concluded that Finland is fully meeting expectations in relation to the receipt of the information. Finland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Finland appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Finland's exchange partners and therefore with respect to Finland's implementation of these requirements.

Based on these findings it was concluded that Finland appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Finland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by Denmark.

² With Denmark and Greenland.

³ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

⁴ Singapore.

France

This report analyses the implementation of the AEOI Standard in France with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

France's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes France's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of France's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

France's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. France is on track with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1). While France is partially compliant with respect to the exchange of information in an effective and timely manner (CR2), it is engaging with partners proactively to resolve the outstanding issues as soon as possible and it is implementing changes to its technical solution to prevent such issues from incurring in future exchanges. France is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

France commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, France:

- enacted *Code général des impôts (CGI), art. 1649AC, and CGI, art. 1736, I 5°, Décret n° 2016-1683 du 5 décembre 2016 fixant les règles et procédures concernant l'échange automatique de renseignements relatifs aux comptes financiers, dites « norme commune de déclaration »*;
- introduced the *Arrêté du 9 décembre 2016 précisant le décret n° 2016-1683 du 5 décembre 2016 fixant les règles et procédures concernant l'échange automatique de renseignements relatifs aux comptes financiers, dites « norme commune de déclaration »*; as amended by the *Arrêté du 10 février 2020*;
- issued further guidance, which is legally binding; and

- made reference to the *Code monétaire et financier* for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and on Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, France amended its legislative framework to address issues identified, effective from 16 February 2020.

With respect to the exchange of information under the AEOI Standard, France:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in France that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that France requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of France's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	793
Financial Accounts reported in 2021	2 558 983

Table 2 sets out the number of exchange partners to which information was successfully sent by France in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to France's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	62	66	68	71

In order to provide for the effective implementation of the AEOI Standard, in France:

- the *Autorité de contrôle prudentiel et de résolution* (ACPR) and the *Autorité des marchés financiers* (AMF) (the authorities responsible for AML supervision in relation to banking and insurance, and investment management respectively) are the principle authorities responsible to ensure the

effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions;

- the *Direction Générale des Finances Publiques* (DGFIP) (the tax authority) has the responsibility of exchanging the information with France's exchange partners and has complementary responsibilities in ensuring the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions, including with respect to engaging with partners internationally;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online governmental platform which allows submission of XML files and which carries out validations on the preparation of the file and to ensure that it meets the requirements of the CRS XML Schema; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of France's legal frameworks implementing the AEOI Standard concluded with the determination that France's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of France's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for France are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

France's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

France has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

France has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

France has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

France has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

France's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of France's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from France and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

France has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

France put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

France's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for France are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

France's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). France is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:

- i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, France implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- France implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as relevant information held by the AML supervisory authorities and the information reported by Reporting Financial Institutions. France has put in place an administrative framework, including a tripartite steering committee, to ensure effective strategic cooperation between the authorities responsible for ensuring compliance with the AEOI Standard. France's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. France intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- France has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of AML supervised Financial Institutions, information obtained from regulated Reporting Financial Institutions on their Financial Institution Account Holders and reports received from Foreign Financial Institutions for FATCA purposes. France is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. France intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institutions responsible for implementing France's compliance strategy appear to have the necessary powers and resources to discharge their functions. With respect to resourcing, France utilises existing resources in the supervisory authorities across various teams to monitor and ensure compliance by Reporting Financial Institutions. France has put in place a framework to provide its supervisory authorities with annual risk assessment reports from DGFIP and with access to the information reported by its Financial Institutions to conduct further risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.

- It appears that France effectively enforces the requirements, including through desk-based reviews and onsite visits involving the inspection of records held by Reporting Financial Institutions and the application of dissuasive sanctions. It also appears that France is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- France will also keep its jurisdiction-specific list of Excluded Accounts under review to ensure it continues to pose a low risk of being used for tax evasion purposes. It is noted that France does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	France has carried out substantial communication and outreach activities, such as delivering presentations to industry, engaging with Financial Institutions and publishing guidance on their obligations under the AEOI Standard.
Verifying that Financial Institutions are reporting as required	France has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as reviewing lists of AML supervised Financial Institutions and reports received from Foreign Financial Institutions for FATCA purposes, and identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	France has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, France has conducted some in-depth audits and onsite visits. It accordingly identified a number of issues, concerning the identification of Controlling Persons of Passive Non-Financial Entities and the monitoring of changes in circumstances. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, France has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by France, while the presence of the key data point of dates of birth appeared to be in line with most other jurisdictions, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Information provided by France also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced over time. Follow-up discussions confirmed that France is aware of these issues and is taking steps to address them.

More generally, many of the exchange partners that received a significant number of records from France indicated that they achieved a success rate when matching the information received from France with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

France was not able to confirm that it collects and monitors information on the proportion of Financial Accounts held by Entities that are reported that include information on the Tax Identification Numbers with respect to the Entity Account Holders and their Controlling Persons. However, France is implementing an update to its IT systems to obtain this information in the near future. These data points are key to exchange

partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented.

Based on these findings it was concluded that, overall, France is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to collecting and monitoring information on the Tax Identification Numbers reported in respect of Entity Accounts. France is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

France should implement systems to collect and monitor information on the Tax Identification Numbers reported in respect of Entity Accounts, in order to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, France implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, France received a notification from one partner and successfully processed it in a timely manner, resolving the issues raised. France also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that France is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. France is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

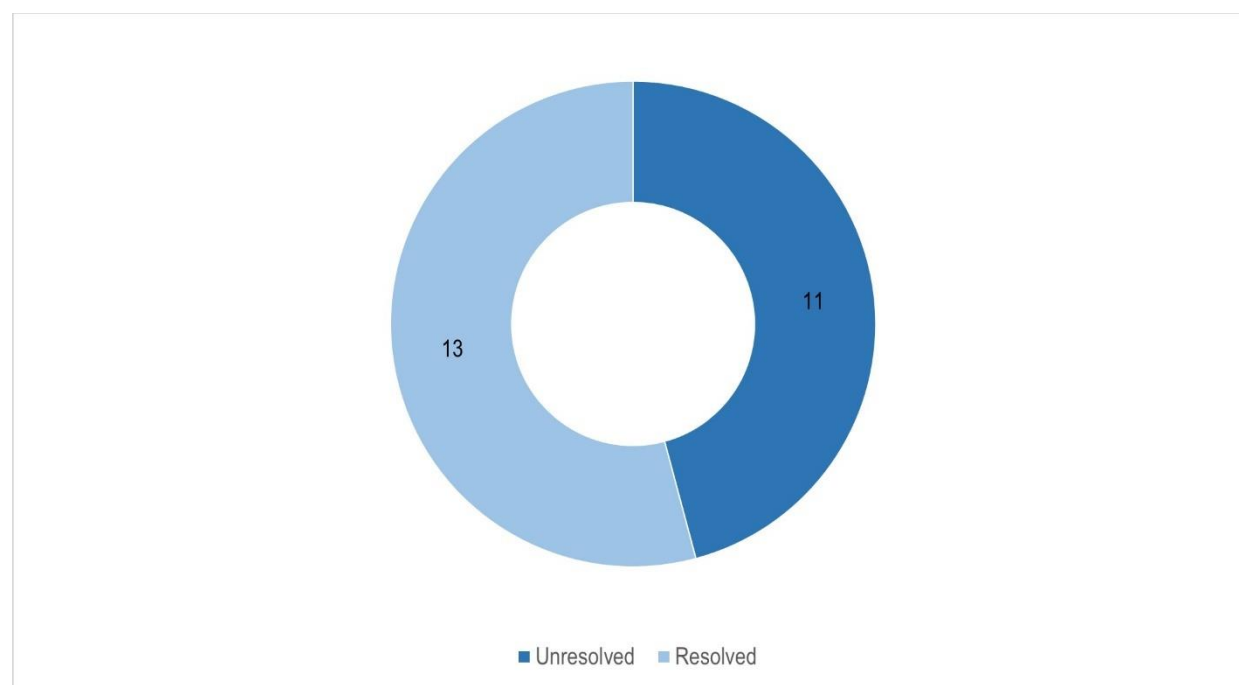
France's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while France is meeting expectations with respect to correctly transmitting the information and in a timely manner (SRs 2.5 – 2.8), and providing corrections, amendments or additions to the information (SR 2.9), there are fundamental issues with respect to France sorting, preparing and validating the information (SR 2.4). France should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

24 exchange partners highlighted particular issues with respect to preparation and format of the information sent by France (representing 34% of its partners). These generally related to reporting errors in respect of the Tax Identification Numbers, the use of the same MessageRefID and anomalies in respect of the Residence Country Codes. More generally, 17 (or 24%) of France's exchange partners reported rejecting more than 25% of the files received, of which 10 (or 14%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions and it has increased over time. The highlighted errors and rejections stemmed primarily from two significant issues that France encountered with its technical solution in 2021, namely widespread issues with the transmission of Tax Identification Numbers with respect to the information for calendar year 2020, and the sending of duplicate files which led to the re-use of the MessageRefID and subsequent file rejection by the exchange partners. France has been active in engaging with exchange partners and is implementing a remediation plan to correct the issues. France is also implementing a new technical solution to ensure that data is sent correctly in future exchanges.

Figure 1. Technical issues raised by France's exchange partners



Based on these findings it was concluded that France is not meeting expectations in relation to sorting, preparing and validating the information. More specifically, fundamental issues have been identified, including with respect to ensuring that all information is correctly sorted, prepared and exchanged, and that files are sent in line with the requirements of the AEOI Standard and the CRS XML Schema. France should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

France should continue to work with its exchange partners to address the issues raised.

France should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, France linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that France is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. France is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from France's exchange partners did not raise any concerns with respect to timeliness of the exchanges by France and therefore with respect to France's implementation of this requirement.

Based on these findings it was concluded that France is fully meeting expectations in relation to exchanging the information in a timely manner. France is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from France's exchange partners did not raise any concerns with respect to France's use of the agreed transmission methods and therefore with France's implementation of this requirement.

Based on these findings it was concluded that France is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. France is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

14 exchange partners highlighted delays in the sending of status messages by France, representing 13% of its partners, with two relating to pre-2021 exchanges. Five of the delays were limited to 15 days or less.

This represents a very high proportion of partners and has not improved over time. These delays predominantly stemmed from a temporary system issue that prevented the automatic generation of status messages. It was noted that France appears to have addressed the issues to ensure that status messages are sent in accordance with the requirements in the future. Furthermore, while most of the status messages due have now been sent, France has still not yet sent all of the status messages due to be sent in relation to previous exchange cycles.

Based on these findings it was concluded that, overall, France is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to sending a status message to partner jurisdictions in a timely manner. France is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

France should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

France has responded to a notification and provided corrected, amended or additional information in a timely manner and no such concerns were raised by France's exchange partners and therefore with respect to France's implementation of these requirements.

Based on these findings it was concluded that France is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. France is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Germany

This report analyses the implementation of the AEOI Standard in Germany with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Germany's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Germany's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Germany's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Germany's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Germany is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Germany commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Germany:

- enacted the Law of December 21, 2015; announced in the Bundesgesetzblatt Part II, No. 35, December 29, 2015, page 1630 and Law of December 21, 2015; announced in Bundesgesetzblatt Part I, No. 55, December 30, 2015, page 2531, which was amended in 2021; and
- issued further guidance, which is legally binding, and amended this guidance in 2022.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Germany made various amendments to its legislative framework to address issues identified, the last of which is effective from 1 January 2023.

With respect to the exchange of information under the AEOI Standard, Germany:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Germany that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Germany requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts are required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Germany's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	3 956
Financial Accounts reported in 2021	6 984 924

Table 2 sets out the number of exchange partners to which information was successfully sent by Germany in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Germany's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	63	68	68	74

In order to provide for the effective implementation of the AEOI Standard in Germany:

- the Federal Central Tax Office (the federal tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Germany's exchange partners;
- technical solutions were put in place to receive and validate the information reported by Reporting Financial Institutions by either submitting an XML file or by using an online form, with strict validation rules being applied to the data; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Germany's legal frameworks implementing the AEOI Standard concluded with the determination that Germany's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Germany's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Germany are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Germany's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Germany has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Germany has defined scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Germany has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Germany has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Germany's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Germany's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Germany and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Germany has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Germany put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Germany's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Germany expresses its gratitude for the thorough and proficient assessment and remains committed to ensure that the national legal framework is consistent with the requirements of the AEOI Terms of Reference.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Germany are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Germany's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Germany is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Germany implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Germany implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources including financial institution lists, experience from other compliance activities and peer feedback. Germany's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Germany continues to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Germany has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources including lists of regulated entities maintained by the financial regulator, company and commercial registers, the Foreign Financial Institution list for FATCA purposes and identifying potential Financial Institutions from those claiming to be such in documentation for accounts held by other Financial Institutions. Germany is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Germany continues to update its understanding of its Financial Institution population on a routine basis.
- The institution responsible for implementing Germany's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Germany has three full time equivalent staff responsible for technical exchanges and has assigned the equivalent of five full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Germany has plans to increase the compliance staff in the future. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Germany effectively enforces the requirements, carrying out a compliance plan that includes desk audits and onsite visits. These activities include the inspection of records held by Reporting Financial Institutions and it has applied penalties and sanctions for non-compliance. It also appears that Germany is ready to take effective action to address circumvention of the requirements if such circumvention is detected and it follows up on undocumented accounts. Germany has taken action to verify that self-certifications are obtained as required.
- Germany will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Germany has carried out substantial communication and outreach activities, such as producing extensive assistance material, and providing specialist email and telephone support to Financial Institutions on CRS matters.
Verifying that Financial Institutions are reporting as required	Germany has carried out substantial verification activities to ensure that Financial Institutions are reporting as required. It has not identified any Financial Institutions incorrectly not reporting so far.
Verifying whether the information reported is complete and accurate	Germany has conducted a substantial number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Germany has conducted some onsite audits and more are in progress. It accordingly identified some issues, commonly concerning accounts incorrectly omitted from reporting or reported with incorrect information. It continues to follow up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Germany has imposed some

Activity type	Activities undertaken
	penalties and sanctions.

In terms of the Financial Account information collected and sent by Germany, while the presence of the key data point of dates of birth with respect to individuals and the level of undocumented accounts appeared to be in line with most other jurisdictions, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts, when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Furthermore, three exchange partners highlighted issues with the rate of Tax Identification Numbers or the rate of invalid Tax Identification Numbers.

More generally, many of the exchange partners that received a significant number of records from Germany indicated that they achieved a success rate when matching the information received from Germany with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve. Follow-up discussions confirmed that Germany is aware of the issue in relation to Tax Identification Numbers and is taking steps to address it.

Based on these findings it was concluded that Germany is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Germany is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

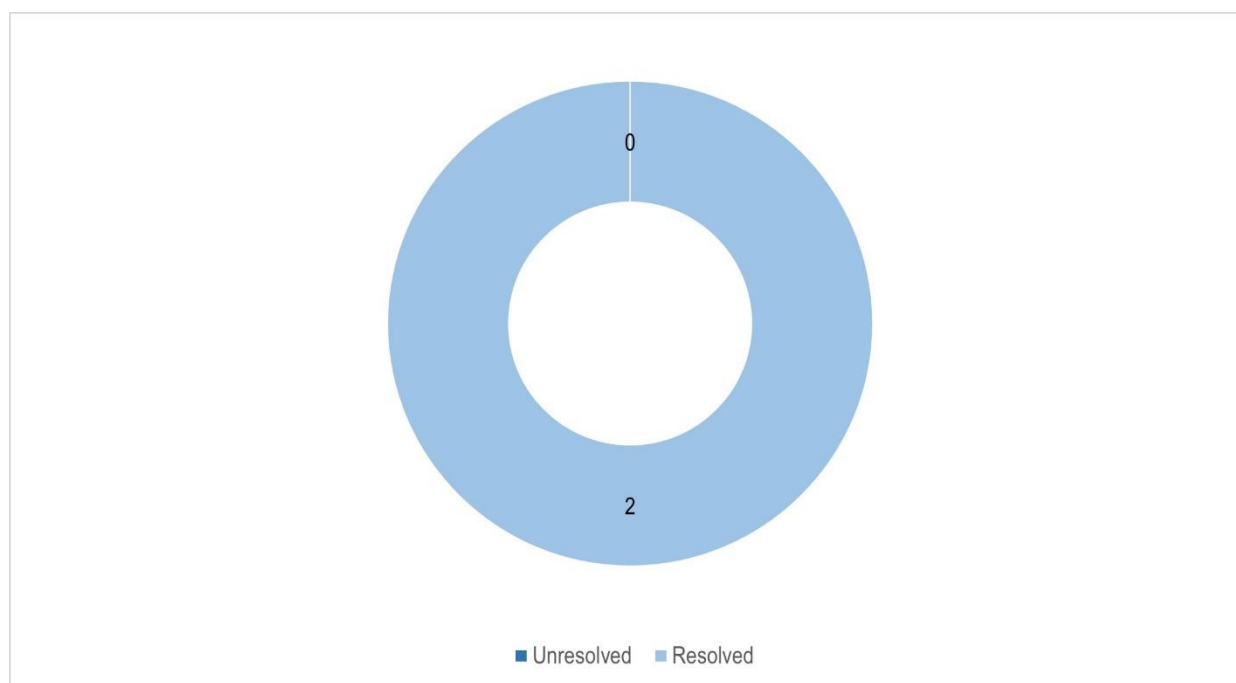
SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Germany implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Germany received notifications from two partners (representing 3% of its partners) and successfully processed these in a timely manner, resolving the issues raised. This is depicted in Figure 1. It also appears that Germany will notify its partners effectively of errors or suspected noncompliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that Germany is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Germany is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Germany's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Germany is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

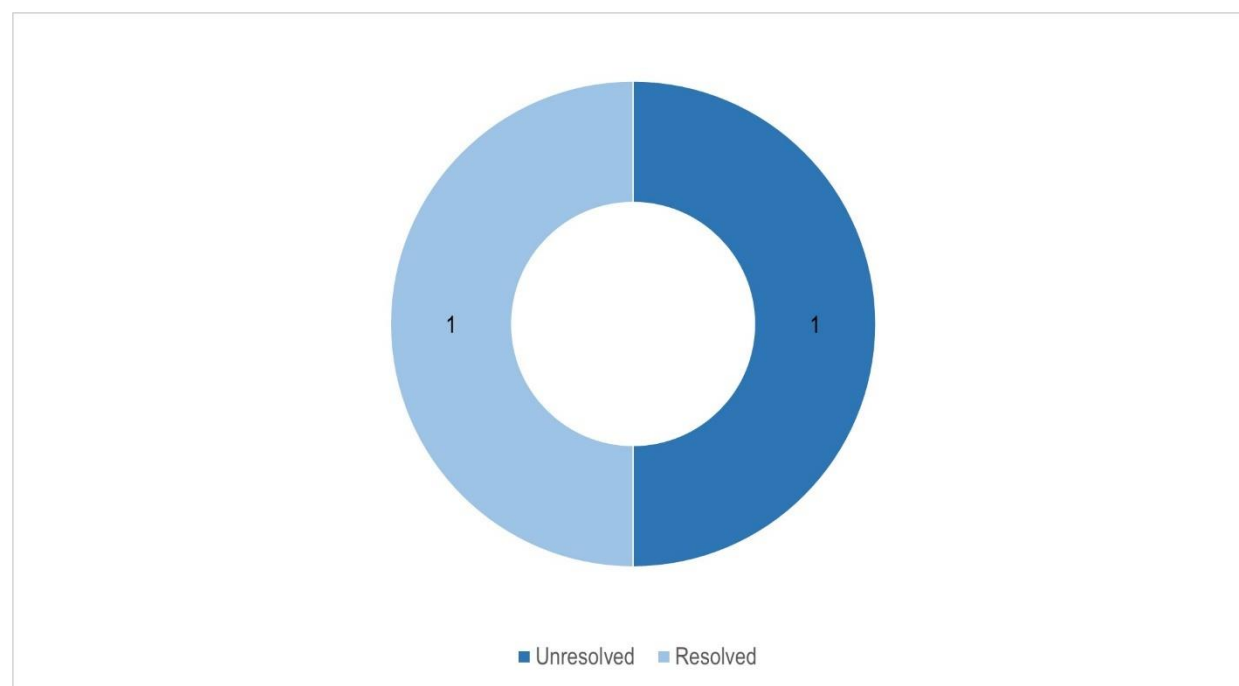
SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted issues with respect to preparation and format of the information sent by Germany (representing 4% of its partners). This related to transposition of fields. More generally, one of Germany's exchange partners reported rejecting more than 25% of the files received, but not more than 50%, due to the technical requirements not being met. This is a relatively low amount when compared to

other jurisdictions. It was noted that Germany has already successfully resolved one of the issues and is in the process of addressing the remaining issue.

Figure 2. Technical issues raised by Germany's exchange partners



Based on these findings it was concluded that, overall, Germany is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to transposition of fields when preparing files. Germany is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Germany should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Germany linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Germany is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Germany is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Two exchange partners highlighted delays in the sending of information by Germany (representing 3% of its partners). It was noted that only one of these related to the most recent year of exchange and for both partners Germany successfully addressed the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Germany is fully meeting expectations in relation to exchanging the information in a timely manner. Germany is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Germany's exchange partners did not raise any concerns with respect to Germany's use of the agreed transmission methods and therefore with Germany's implementation of this requirement.

Based on these findings it was concluded that Germany is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Germany is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Germany's exchange partners did not raise any concerns with respect to Germany's receipt of the information and therefore with Germany's implementation of these requirements.

Based on these findings it was concluded that Germany is fully meeting expectations in relation to the receipt of the information. Germany is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Germany has responded to notifications in a timely manner and no such concerns have been raised by Germany's exchange partners and therefore with respect to Germany's implementation of these requirements.

Based on these findings it was concluded that Germany is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Germany is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Ghana

This report analyses the implementation of the AEOI Standard in Ghana with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Ghana's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Ghana's international legal framework to exchange the information with all of Ghana's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, deficiencies have been identified in Ghana's enforcement framework.

Overall determination on the legal framework: In Place But **Needs Improvement**

General context

Ghana commenced exchanges under the AEOI Standard in 2019.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Ghana:

- enacted the Standard for Automatic Exchange of Financial Account Information Act, 2018; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2018. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2018 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2019.

With respect to the exchange of information under the AEOI Standard, Ghana has the Convention on Mutual Administrative Assistance in Tax Matters in place, and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2019.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Ghana are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Ghana's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2), and the framework to enforce the requirements (SR 1.4). Most significantly, Ghana's legislative framework does not include rules to prevent circumvention of due diligence and reporting obligations and there are no sanctions on Account Holders and Controlling Persons for the provision of false self-certifications.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Ghana has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Ghana has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Ghana does not specify the date as of when a Financial Institution needs to implement policies for the returning of overpayments, which is required in order for Depository Accounts due to not-returned overpayments to be treated as Excluded Accounts.

Recommendations:

Ghana should amend its domestic legislative framework to require that Financial Institutions to implement policies and procedures with respect to limiting or returning overpayments from a specified date in order for Depository Accounts due to not-returned overpayments to be treated as Excluded Accounts.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Ghana has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Ghana has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Ghana's legislative framework:

- does not include rules to prevent all Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures as required;
- does not impose sanctions for the provision of a false self-certifications by Account Holders and Controlling Persons; and
- does not include rules requiring Reporting Financial Institutions to keep records of self-certifications in accordance with the requirements.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Ghana should amend its domestic legislative framework to include rules to prevent all Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures, rather than just those on whom the AEOI Standard imposes an obligation.

Ghana should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Ghana should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records of self-certifications for at least five years from the deadline to report the information, rather than six years from the date when an account is closed.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Ghana's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Ghana's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Ghana and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Ghana has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Ghana put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Ghana's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Gibraltar

This report analyses the implementation of the AEOI Standard in Gibraltar with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Gibraltar's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Gibraltar's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Gibraltar's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Gibraltar's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Gibraltar is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Gibraltar commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Gibraltar:

- enacted the Taxation (Mutual Administrative Assistance) Act 2014;
- introduced the International Co-operation (Improvement of International Tax Compliance) (Amendment No. 2) Regulations 2017; and
- issued further guidance, which not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, Gibraltar:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place two bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Gibraltar that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Gibraltar requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Gibraltar's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	998
Financial Accounts reported in 2021	31 833

Table 2 sets out the number of exchange partners to which information was successfully sent by Gibraltar in the past few years (including where the necessary frameworks were in place but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Gibraltar's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	51	59	69	72

In order to provide for the effective implementation of the AEOI Standard, in Gibraltar:

- the Income Tax Office (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Gibraltar's exchange partners;
- the technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through a dedicated reporting portal; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Gibraltar's legal frameworks implementing the AEOI Standard concluded with the determination that Gibraltar's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Gibraltar's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Gibraltar are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Gibraltar's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Gibraltar has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Gibraltar has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Gibraltar has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Gibraltar has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Gibraltar's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Gibraltar's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Gibraltar and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Gibraltar has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Gibraltar put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Gibraltar's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Gibraltar would like to take this opportunity to thank the Global Forum Secretariat and in particular the AEOI Assessment Panel involved in the review of Gibraltar's AEOI legal framework, namely Mr. Colin Yan, Mr. Antti Kurikka and Mr. Safarali Cavadov.

The result of this review demonstrates Gibraltar's continuing commitment to maintaining the AEOI Standard consistently in-line with the requirements of the AEOI Terms of Reference.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Gibraltar are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Gibraltar's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Gibraltar is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Gibraltar implemented many of the requirements in accordance with expectations. However, significant issues were identified. Key findings were as follows:

- Gibraltar has in place an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the information from the Gibraltar Financial Services Commission (the financial regulator) and other industry associations, e.g. the Association of Trust and Company Managers. Gibraltar intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Gibraltar has worked to understand its population of Financial Institutions, utilising various relevant information sources, such as the registrar of companies, the registrar of ultimate beneficial ownership, the lists of regulated entities from the financial regulator and of Foreign Financial Institutions for FATCA purposes. Gibraltar started analysing these lists of registered Reporting Financial Institutions and intends to keep its understanding of its Financial Institution population up to date on a routine basis. However, Gibraltar has not yet taken any actions to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules, nor to establish and validate the reasons for which Financial Institutions did not report.
- The institution responsible for implementing Gibraltar's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Gibraltar has assigned the equivalent of one full time staff to monitor and ensure compliance by Reporting Financial Institutions, which has access to IT systems and tools to conduct risk assessments.
- Gibraltar launched its administrative compliance framework in 2022 and started to review compliance with the requirements (i.e. that the information being reported is accurate and complete), in a number of selected Financial Institutions, using a questionnaire.
- Gibraltar does not have procedures to follow up with Reporting Financial Institutions when undocumented accounts are reported nor does it have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- There is also a lack of procedures in place to keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Gibraltar has carried out some communication and outreach activities, such as issuing detailed guidance to the Financial Institutions and having constant communications with other stakeholders, e.g. various industry associations.
Verifying that Financial Institutions are reporting as required	Gibraltar has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as requiring Financial Institutions to complete a questionnaire on the different areas of implementation of the AEOI Standard.
Verifying whether the information reported is complete and accurate	Gibraltar has conducted some desk-based checks to verify whether the information being reported is complete and accurate, by testing the controls reported by the Financial Institutions. It accordingly identified some issues, commonly concerning the self-certification process. It is following up on this issue with a view to ensuring future compliance. Furthermore, Gibraltar has not yet conducted in-depth audits or onsite visits, but has plans to do so in the near future.
Enforcement	Gibraltar has not yet imposed penalties and sanctions, but has plans to do so in the near future.

Gibraltar was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Gibraltar was also not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Two exchange partners highlighted issues with respect to the information received, such as missing accounts and abnormal variances in accounts. More generally, many of the exchange partners that received a significant number of records from Gibraltar indicated that they achieved a success rate when matching the information received from Gibraltar with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Gibraltar is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to a lack of action to implement its compliance strategy, such as periodically verifying Reporting Financial Institutions' compliance and to ensure self-certifications are obtained as required. Gibraltar should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Gibraltar should further develop and implement effective procedures to identify its population of Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Gibraltar should implement systems to monitor the reporting of Tax Identification Numbers, dates of birth and undocumented accounts by Reporting Financial Institutions to inform its compliance strategy.

Gibraltar should put in place and implement a clearly defined policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

Gibraltar should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Gibraltar should establish a plan to periodically review its list of jurisdiction-specific Non-Reporting Financial Institutions and Excluded Accounts to ensure they continue to present a low-risk of being used for tax evasion.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Gibraltar implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Gibraltar has the necessary systems and procedures to process them as required. It also appears that Gibraltar will notify

its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Gibraltar is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Gibraltar is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

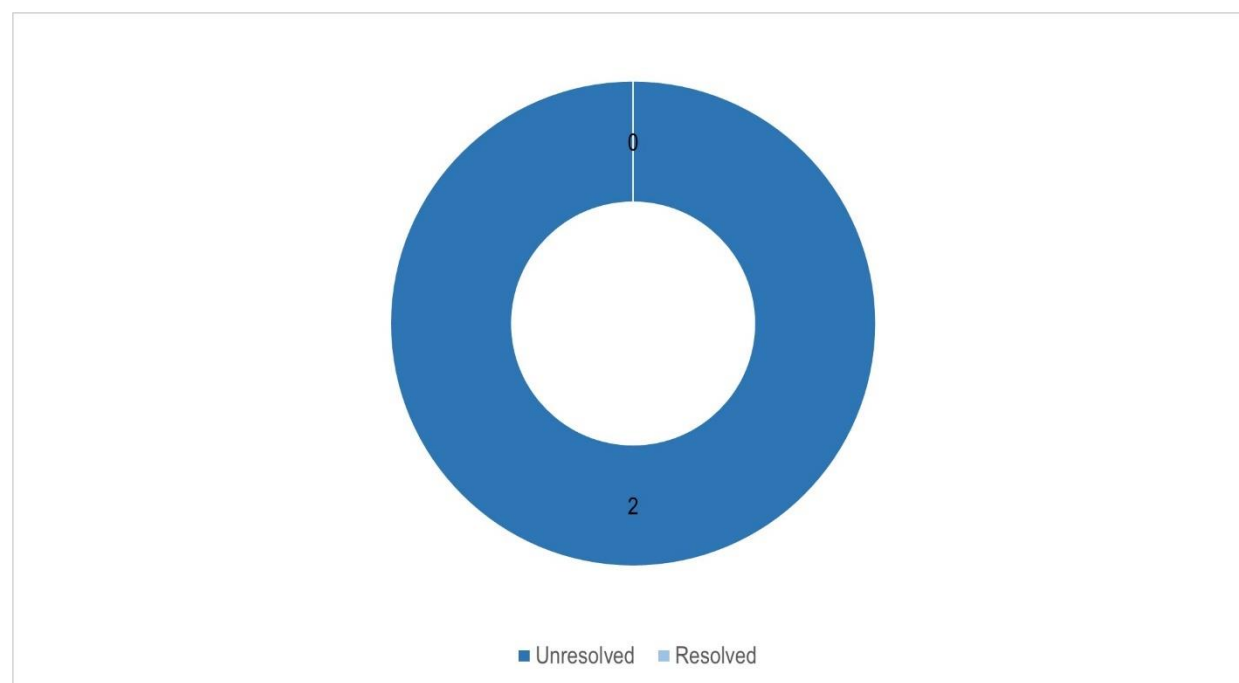
Gibraltar's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Gibraltar is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted particular issues with respect to preparation and format of the information sent by Gibraltar. This related to validation errors for two different reporting periods. This exchange partner also reported rejecting more than 25% of the files received, but not more than 50%, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Gibraltar has not yet addressed all of the issues.

Figure 1. Technical issues raised by Gibraltar's exchange partners



Based on these findings it was concluded that, overall, Gibraltar is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to addressing the errors reported by its exchange partners in a timely manner. Gibraltar is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Gibraltar should continue to work with its exchange partner to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Gibraltar linked to the CTS.

Based on these findings it was concluded that Gibraltar is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Gibraltar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Gibraltar's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Gibraltar and therefore with respect to Gibraltar's implementation of this requirement.

Based on these findings it was concluded that Gibraltar is fully meeting expectations in relation exchanging information in a timely manner. Gibraltar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Gibraltar's exchange partners did not raise any concerns with respect to Gibraltar's use of the agreed transmission methods and therefore with Gibraltar's implementation of this requirement.

Based on these findings it was concluded that Gibraltar is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Gibraltar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Four exchange partners highlighted delays in the sending of status messages by Gibraltar, representing 4% of its partners. This represents a relatively high proportion of partners. Gibraltar has still not yet sent some of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that, overall, Gibraltar is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the sending of status messages in a timely manner. Gibraltar is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Gibraltar should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Gibraltar appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Gibraltar's exchange partners and therefore with respect to Gibraltar's implementation of these requirements.

Based on these findings it was concluded that Gibraltar appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Gibraltar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The Gibraltar Competent Authority has made tremendous advancements in the short time period since launching its Administrative Compliance Framework in January 2022. Whilst disappointed with the rating allocated by the APRG in light of the resources, time and effort expended on this initiative, Gibraltar understands from the assessment team that the rating recognises these efforts but given that the ACF is in its relatively early stages an on-track rating is not yet possible.

Gibraltar will continue to build on the work being carried out thus far and will take into consideration the recommendations identified by the APRG on how best to reinforce and develop this process.

The Gibraltar Competent Authority also wishes to express their gratitude to the assessment team and the AEOI Panel for their guidance and support on this. Gibraltar looks forward to building on this relationship and continuing to work on ensuring compliance with the AEOI Standard.

Notes

¹ Through a territorial extension by the United Kingdom.

² Guernsey and the Isle of Man.

Greece

This report analyses the implementation of the AEOI Standard in Greece with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Greece's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Greece's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Greece's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Greece's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Greece is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Greece commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged Greece:

- enacted Law 4428/2016, "Ratification of Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and implementing provisions";
- made reference to Law 4174/2013 "Tax Procedure Code and other provisions";
- issued the following Decisions from the Governor of the Independent Authority for Public Revenue: No. 1130/2017 as amended, No. 1133/2017 as amended and No. 1137/2017 as amended;
- issued the Joint Decision No. 1157/2018 of the Governor of the Independent Authority for Public Revenue and the Minister of Finance; and
- made reference to Law 4557/2018, "Prevention and suppression of money laundering and terrorist financing (transposition of Directive 2015/849/EU) and other provisions" for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Greece made several amendments to its legislative framework to address issues identified, the last of which was effective from 9 July 2018.

With respect to the exchange of information under the AEOI Standard, Greece:

- Is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation, as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Greece that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Greece requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Greece's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	83
Financial Accounts reported in 2021	532 489

Table 2 sets out the number of exchange partners to which information was successfully sent by Greece in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Greece's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2 Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	67	68	69	74

In order to provide for the effective implementation of the AEOI Standard, in Greece:

- the Independent Authority for Public Revenue (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Greece's exchange partners.
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with the development of web application for the submission

of CRS information and validation is performed at three stages (at the time of receipt of the report, when uploading it on the database and before submission to the partner jurisdictions); and

- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Greece's legal frameworks implementing the AEOI Standard concluded with the determination that Greece's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Greece's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Greece are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Greece's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Greece has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Greece has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Greece has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Greece has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Greece's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Greece's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Greece and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Greece has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Greece put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Greece's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Greece is satisfied with the overall determination of the legal framework by which the Common Reporting Standard is applied as in place. It is our strong commitment to implement the global standard in compliance with the AEOI Terms of Reference and to follow up with any necessary improvements with a view to enhancing the outcomes of administrative cooperation.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Greece are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Greece's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Greece is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;

- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Greece implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Greece has an overarching strategy to ensure compliance with the AEOI Standard based on three pillars: identification of Reportable Financial Institutions; overall monitoring of the compliance by Reportable Financial Institutions; and audit of Reportable Financial Institutions. It includes a risk assessment that takes into account automated and qualitative checks of the data submitted by Reporting Financial Institutions as well as cases of non-compliance with the reporting obligations, the sector profiles and other risk criteria. Greece's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Greece intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Greece is working effectively to understand its population of Financial Institutions, comparing various relevant information sources with the list of Financial Institutions which submitted information on Financial Accounts or a nil report to the Tax Administration, such as:
 - the list of Reportable Financial Institutions as annually reported by the Bank of Greece and the Capital Market Commission to the Tax Administration in respect of the Financial Institutions which operate under their supervision;
 - the Foreign Financial Institution list for FATCA purposes; and
 - the list of national Business Activity Codes, to identify entities whose activities correlate with the activities of Financial Institutions under the AEOI Standard.
- Greece has also taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required, including through contacting potential Reporting Financial Institutions that did not report information. Greece intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Greek Tax Administration is responsible for implementing Greece's compliance strategy. It appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Greece has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, in the recently established "AML and AEOI" Department in the Directorate of Audits, with support from staff from the "International Administrative Cooperation in the Field of Taxation" and the "Automatic Information Exchange with other Jurisdictions" Departments and auditors from the Audit Centre for Large Enterprises. Greece has therefore indicated that the number of staff engaged with AEOI compliance may change, depending on the results of the compliance strategy and the number of audit cases. The Bank of Greece and the Capital Market Commission also provide support to the Greek Tax Administration,

both on a regular and an ad-hoc basis, given the synergies between the compliance requirements for the implementation of the AEOI standard and the verification of the AML obligations that they are responsible for.

- Some control and enforcement activities are being conducted to give effect to the compliance plan, focusing at this stage on the main Reporting Financial Institutions in terms of Reportable Accounts. This includes verification activities to ensure the completeness and accuracy of the information reported, whether self-certifications are being collected as required, to follow up on undocumented accounts and ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures. This includes in-depth reviews and the inspection of records held by Reporting Financial Institutions.
- Greece has a procedure in place to keep its jurisdiction-specific list of Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes. It is noted that Greece does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Greece has carried out communication and outreach activities, notably by means of a working group consisting of the financial sector supervisory authorities (the Bank of Greece and the Capital Market Commission), the Tax Administration, the Ministry of Finance and the associations of involved stakeholders. Other communication and outreach activities include press releases and information published on the official website of the Tax Administration.
Verifying that Financial Institutions are reporting as required	Greece has carried out verification activities to ensure that Financial Institutions are reporting as required. It has worked at identifying the population of Reporting Financial Institutions, using several information sources and has then sent “self-assessment” questionnaires to the entities in the identified population of Financial Institutions that either did not submit any report or filed nil report for all of the four reporting periods reviewed (2016-2020). It has analysed the responses provided by the Financial Institutions and it is following up on the cases that require further investigation.
Verifying whether the information reported is complete and accurate	Greece has carried out some audits on due diligence and reporting obligations in relation to the AEOI standard (for reporting years 2016-2018), on the main Reporting Financial Institutions in terms of Reportable Accounts (accounting to more than 50% of the accounts reported). The audits included the inspection of records and verified the completeness and accuracy of the information reported by the Financial Institutions. The audits also verified and identified cases where self-certifications were not collected as required. Further audits (for reporting years 2019 and 2020) were subsequently initiated. Besides the cases selected for audit, Greece has not yet conducted general desk-based checks to verify whether the information being reported is complete and accurate. It is, however, carrying out thematic controls, such as on the reporting of undocumented accounts, where it has sent questionnaires to the relevant subset of Reporting Financial Institutions and reviewed and followed up on their responses.
Enforcement	Based on the outcomes of the audits, Greece has imposed substantial sanctions to Reporting Financial Institutions for non-compliance with due diligence requirements.

With respect to the Financial Account information collected and sent by Greece, the presence of the key data points of the Tax Identification Numbers appeared to be in line with most other jurisdictions. However,

while the collection and reporting of dates of birth is generally higher across jurisdictions, Greece nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Information provided by Greece also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that Greece is aware of this issue, is engaged in compliance activities with the Financial Institution that report undocumented accounts and intends to use the number of undocumented accounts reported in its risk analysis for audit case selection.

Seven exchange partners highlighted issues with respect to the information received, such as low rates of valid Tax Identification Numbers. More generally, many of the exchange partners that received a significant number of records from Greece indicated that they achieved a success rate when matching the information received from Greece with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Greece is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to expanding the scope of its compliance and verification activities and addressing the issues raised by its exchange partners. Greece is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Greece should expand the scope of its compliance and verification activities to ensure it covers Reporting Financial Institutions of all sizes and of all types.

Greece should continue its activities to follow up with Reporting Financial Institutions reporting undocumented accounts, including to understand the reason for it and to ensure they are correctly applying the definition.

Greece should address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Greece implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, it appears that Greece has the necessary systems and procedures to process them as required. Greece also plans to notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Greece is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Greece is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

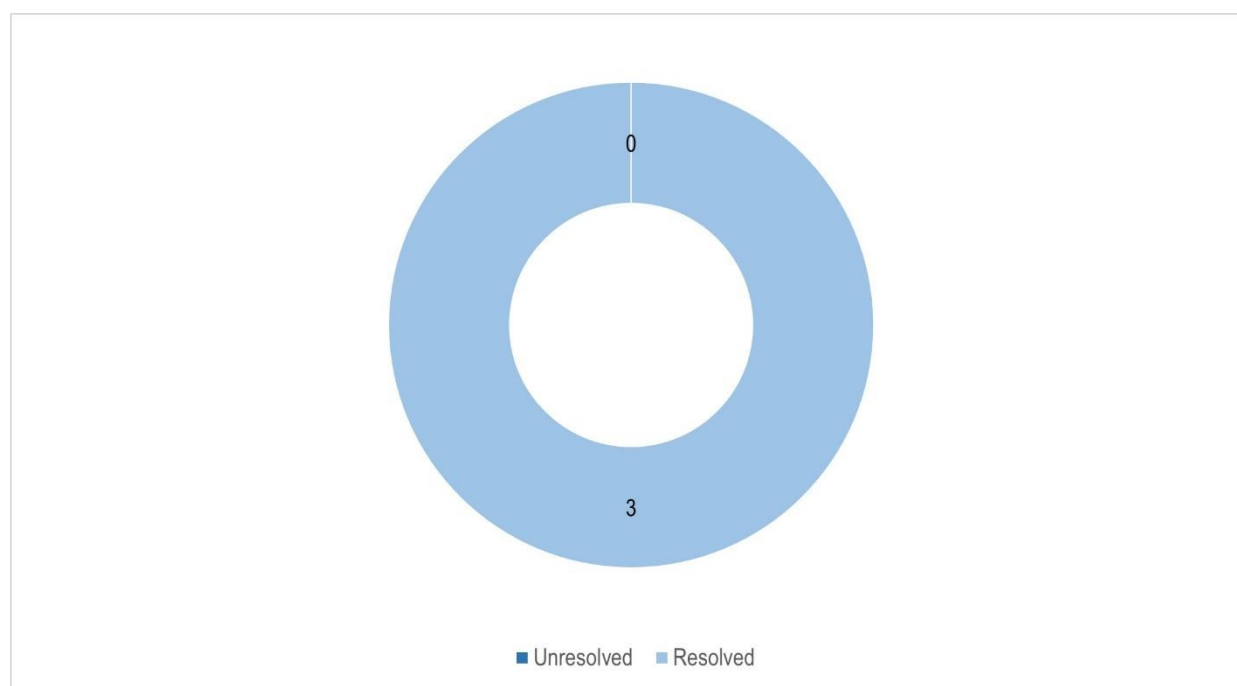
Greece's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Greece is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Greece (representing 4% of its partners). These generally related to files rejected due to already used “DocRefIDs” or problems with file decryption. More generally, four (or 5%) of Greece's exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that Greece has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Greece's exchange partners



Based on these findings it was concluded that, overall, Greece is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement in this respect. Greece is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Greece should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure that they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Greece linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Greece is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Greece is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Greece. It was noted that Greece successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Greece is fully meeting expectations in relation to exchanging information in a timely manner. Greece is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Greece's exchange partners did not raise any concerns with respect to Greece's use of the agreed transmission methods and therefore with Greece's implementation of this requirement.

Based on these findings it was concluded that Greece is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Greece is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Four exchange partners highlighted delays in the sending of status messages by Greece, representing 5% of its partners. It was noted that Greece appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Greece is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to sending status messages to all exchange partners in a timely manner. Greece is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Greece should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Greece appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Greece's exchange partners and therefore with respect to Greece's implementation of these requirements.

Based on these findings it was concluded that Greece appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Greece is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Greenland

This report analyses the implementation of the AEOI Standard in Greenland with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Greenland's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Greenland's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Greenland's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Greenland's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Greenland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Greenland commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Greenland enacted the Government of Greenland Executive Order No. 13 of 30 August 2017 on Identification of and Reporting on Foreign Financial Accounts, pursuant to Section 35 of Greenland Landsting's Act No. 11 of 2 November of 2016 on administration of taxes. The Government of Greenland Executive Order No. 13 was later amended through the Government of Greenland Executive Order No. 15 of 24 October 2019.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 1 August 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Greenland amended its legislative framework to address issues identified, effective from 1 January 2020.

With respect to the exchange of information under the AEOI Standard, Greenland:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place two bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Greenland that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Greenland requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Greenland's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	2
Financial Accounts reported in 2021	9 013

Table 2 sets out the number of exchange partners to which information was successfully sent by Greenland in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Greenland's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	67	69	77

In order to provide for the effective implementation of the AEOI Standard, in Greenland:

- the Greenlandic Tax Agency (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Greenland's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Reporting Financial Institutions to submit reports in XML format using a schema developed based on the OECD CRS XML Schema. The information is validated by the system, at file and record level; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Greenland's legal frameworks implementing the AEOI Standard concluded with the determination that Greenland's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Greenland's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Greenland are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Greenland's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Greenland has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Greenland has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Greenland has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Greenland has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Greenland's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Greenland's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Greenland and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Greenland has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Greenland put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Greenland's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Greenland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Greenland's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Greenland is encouraged to continue its implementation process to ensure its effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Greenland implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Greenland has embedded its strategy to ensure compliance with the AEOI Standard within its general tax compliance strategy, incorporating a dedicated element to ensure compliance with the AEOI Standard. Greenland has based its strategy on a risk assessment that takes into account relevant information sources, such as the information reported by the Reporting Financial Institutions and information from the Danish Tax Agency and Financial Supervisory Authority of Denmark. Such an approach appears suited to the small size of Greenland's financial sector.
- Greenland has worked to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes and information from the Danish Financial Supervisory Authority and Tax Agency, and has taken action to ensure they are classifying themselves correctly under its domestic rules and reporting information as required. Greenland intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Greenlandic Tax Agency appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Greenland has assigned the equivalent of one full time staff member to monitor and ensure compliance by Reporting Financial Institutions, comprised of various people, including a contact point for the Financial Institutions and people working on related IT tasks. Taking into account the size of Greenland's financial sector, it appears that the resources assigned are sufficient to implement Greenland's AEOI Standard compliance strategy.
- Greenland's compliance strategy contemplates activities to verify the completeness and accuracy of the reported information. Greenland has carried out reviews and inspected records held by its Reporting Financial Institutions. Greenland also appears to have activities planned to verify that self-certifications have been obtained as required and to follow up on undocumented accounts when they are reported.
- Greenland strategy does not explicitly include activities to ensure that the interaction between its AML and CRS frameworks always results in the identification of Controlling Persons in accordance with the AEOI Standard.
- It appears that Greenland has defined procedures to apply sanctions where non-compliance is identified. It also appears that Greenland is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Greenland plans to review its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts on a risk-based approach to ensure that they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Greenland has not yet carried out communication and outreach activities specific to the AEOI Standard, although given the small size of its financial sector, the Greenlandic Tax Agency remains in close contact with the two Reporting Financial Institutions that have been identified.
Verifying that Financial Institutions are reporting as required	Greenland has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as identifying its population of Reporting Financial Institutions and verifying that reports are received from the two Reporting Financial Institutions that have been identified.
Verifying whether the information reported is complete and accurate	Greenland has conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Greenland has conducted in-depth audits/onsite visits. It accordingly identified some accounts for which Tax Identification Numbers were not

Activity type	Activities undertaken
	reported and it is following up on these issues with a view to ensuring future compliance.
Enforcement	Greenland has not yet imposed penalties and sanctions. The imposition of sanctions or penalties will depend on the outcome of future verification activities.

Greenland was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented.

Greenland reported that, so far, no undocumented accounts have been reported by its Reporting Financial Institutions. However, it is unclear if Greenland collects and monitors information in this regard.

More generally, the exchange partners that received a significant number of records from Greenland indicated that they achieved a success rate when matching the information received from Greenland with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Greenland is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the compliance strategy not explicitly covering all relevant areas and the lack of statistics collected to inform the compliance strategy. Greenland is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Greenland should continue to implement its compliance strategy.

Greenland should actively monitor the interaction between its AML and CRS frameworks to ensure that the collection and reporting of information under the AEOI Standard is in accordance with the requirements.

Greenland should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Greenland implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Greenland has the necessary systems and procedures to process them as required. It also appears that Greenland will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Greenland is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Greenland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Greenland's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Greenland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted a particular issue with respect to preparation and format of the information sent by Greenland. This issue related to the rejection of the files. None of Greenland's exchange partners reported rejecting more than 25% of the files received. It was also noted that Greenland has already successfully addressed the issue raised.

Based on these findings it was concluded that Greenland is fully meeting expectations in relation to sorting, preparing and validating the information. Greenland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Greenland linked to the CTS.

Based on these findings it was concluded that Greenland is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Greenland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Greenland. It was noted that Greenland successfully addressed the issue and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Greenland is fully expectations in relation to exchanging the information in a timely manner. Greenland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Greenland's exchange partners did not raise any concerns with respect to Greenland's use of the agreed transmission methods and therefore with Greenland's implementation of this requirement.

Based on these findings it was concluded that Greenland is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Greenland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Three exchange partners highlighted delays in the sending of status messages by Greenland, representing 3% of its partners. It was noted that Greenland has successfully addressed one of the issues and is taking steps to address the remaining ones to ensure that status messages are sent in accordance with the requirements. Greenland has not yet sent status messages that were due to be sent in prior years, although Greenland reports that this is due to the upgrade in the XML Schema.

Based on these findings it was concluded that, overall, Greenland is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the sending of CRS status messages in a timely manner. Greenland is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Greenland should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Greenland appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Greenland's exchange partners and therefore with respect to Greenland's implementation of these requirements.

Based on these findings it was concluded that Greenland appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Greenland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Greenland is actively looking to improve and therefore welcomes the recommendations given in this report.

Furthermore Greenland apologises to the jurisdictions which are experiencing problems with exchange between our jurisdictions. The Greenlandic system is very much based on manual work and therefore the system is a bit more prone to errors.

Greenland looks forward to the exchanges in the future.

Notes

¹ Through a territorial extension by Denmark.

² With Denmark and the Faroe Islands.

Grenada

This report analyses the implementation of the AEOI Standard in Grenada with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Grenada's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Grenada's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Grenada's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Grenada's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Grenada is partially compliant with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Grenada commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Grenada:

- enacted the Mutual Exchange of Information on Taxation Matters Act 24, as amended in 2017 and 2022; and
- introduced the Mutual Exchange of Information on Tax Matters (Common Reporting Standard) Regulations, as amended in 2022.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Grenada amended its legislative framework to address issues identified, the last of which was effective from 20 May 2022.

With respect to the exchange of information under the AEOI Standard, Grenada is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

While it is understood that the number of Financial Institutions in Grenada that reported information on Financial Accounts as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction) was 37 in 2020, as set out in Table 1, the information for 2021 is not available. Neither is the information on the number of Financial Accounts reported.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	Not available
Financial Accounts reported in 2021	Not available

Table 2 sets out the number of exchange partners to which information was successfully sent by Grenada in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Grenada's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	55	54	65	61

In order to provide for the effective implementation of the AEOI Standard, in Grenada:

- the Grenada Inland Revenue Division (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Grenada's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the tax authority; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Grenada's legal frameworks implementing the AEOI Standard concluded with the determination that Grenada's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Grenada's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Grenada are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Grenada's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3) It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Grenada has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Grenada has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Grenada has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Grenada does not have a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Grenada's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Grenada's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Grenada and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Grenada has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Grenada put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Grenada's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Grenada are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Grenada's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in Grenada ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5) and collaborating with its exchange partners to ensure effectiveness (SR 1.6). Grenada should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Grenada implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Grenada lacks a clear overarching compliance strategy, based on a risk assessment and informed by a range of information sources, to ensure that Financial Institutions have correctly implemented the requirements under the AEOI Standard in practice. This includes a lack of documented procedures to review and verify compliance. Furthermore, in practice, no dedicated AEOI-related compliance activities have yet been undertaken.

- While Grenada cross-checks the lists of regulated entities from other regulatory bodies with the list of Financial Institutions that have reported information to the tax authorities under the AEOI Standard to identify its population of Reporting Financial Institutions, it does not have further procedures to identify its full population of Reporting Financial Institutions. Grenada has also not yet taken actions to ensure that Reporting Financial Institutions have classified themselves correctly and are reporting information as required.
- Even though Grenada has drafted a compliance plan, it lacks clarity. Furthermore, there does not appear to be a formalised plan or activity undertaken to ensure that the interaction between Grenada's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard. With respect to resourcing, the adequacy of Grenada's resourcing is unclear.
- Furthermore, Grenada has not been able to demonstrate how it verifies compliance by Reporting Financial Institutions and effectively addresses cases of non-compliance. In addition to having not carried out desk-based checks in relation to the completeness and accuracy of the information, it appears that Grenada has not yet finalised the administrative procedures to conduct audits and to access records held by Reporting Financial Institutions. Grenada has also not been able to demonstrate that it has procedures in place to ensure valid self-certifications are obtained.
- Grenada also does not have procedures to follow up with Reporting Financial Institutions when undocumented accounts. Furthermore, it does not have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- It is noted that Grenada does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Grenada has engaged with Financial Institutions to a limited extent and has not yet carried out outreach activities, but has plans to do so in the near future.
Verifying that Financial Institutions are reporting as required	Grenada has examined the lists of regulated entities maintained by other regulatory bodies to identify its population of Reporting Financial Institutions but has not yet carried out verification activities to ensure that Financial Institutions are reporting as required. However, it has plans to do so in the near future.
Verifying whether the information reported is complete and accurate	Grenada has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Grenada has not yet conducted in-depth reviews or onsite visits. However, it has plans to do so in the near future.
Enforcement	Following the activities mentioned above, Grenada has not yet imposed penalties and sanctions, but has plans to do so in the near future.

Grenada was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Grenada was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Grenada indicated that they achieved a success rate when matching the information received from Grenada with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Grenada is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to implementing a comprehensive compliance strategy in order to address issues of non-compliance by Reporting Financial Institutions and carrying out verification and enforcement activities. Grenada should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Grenada should further develop and implement an effective, documented overarching compliance plan, informed by a risk assessment, to underpin its compliance activities.

Grenada should further develop and implement effective procedures to identify its population of Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Grenada should develop and implement procedures to access and review the records held by Reporting Financial Institutions to verify their compliance with the AEOI Standard.

Grenada should develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Grenada should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified.

Grenada should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Grenada should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

Grenada should develop and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

Grenada has an understanding of its obligation to collaborate on compliance and enforcement in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent). While no such notifications have yet been received, it has not yet developed the necessary systems and procedures to be ready to process them as required. Grenada has also demonstrated an understanding of its obligation to inform exchange partners when it detects possible errors or noncompliance by a Reporting Financial Institution

in the exchange partner's jurisdiction, but does not yet have in place procedures for notifying exchange partners.

Based on these findings it was concluded that Grenada is partially meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. More specifically, significant issues have been identified, including with respect to the lack of a documented procedure in cases where notifications are received from an exchange partner. Grenada should therefore continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Grenada should put in place documented procedures to address errors or non-compliance notified by an exchange partner.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

Grenada's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Grenada is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4) and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to Grenada correctly transmitting the information and in a timely manner (SRs 2.5 – 2.8). Grenada should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Grenada (representing 4% of its partners). These generally related to either incorrect reporting periods or schema errors. More generally, three (or 4%) of Grenada's exchange partners reported rejecting more than 50 of the files received due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Grenada has not yet addressed all of the issues.

Based on these findings it was concluded that, overall, Grenada is meeting expectations in relation to sorting, preparing and validating the information. Grenada is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Grenada should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Grenada linked to the CTS.

Based on these findings it was concluded that Grenada is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Grenada is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Five exchange partners highlighted delays in the sending of information by Grenada (representing 7% of its partners). This represents a very high proportion of exchange partners. Furthermore, three partners stated that the information has still not been received. It was noted that Grenada has still not yet sent all of the status messages due to be sent in 2021.

Based on these findings it was concluded that Grenada is partially meeting expectations in relation to exchanging the information in a timely manner. However, significant issues have been identified, including with respect to the timeliness of the exchanges made. Grenada should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Grenada should ensure that it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Grenada's exchange partners did not raise any concerns with respect to Grenada's use of the agreed transmission methods and therefore with Grenada's implementation of this requirement.

Based on these findings it was concluded that Grenada is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Grenada is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Nine of Grenada's exchange partners (representing 10% of its partners) highlighted delays in the sending of status messages by Grenada. This represents a relatively high proportion of partners. It was noted that five partners stated that the status messages had not yet been received. These issues appear to have not yet been resolved.

Based on these findings it was concluded that Grenada is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to sending status messages to its exchange partners in a timely manner. Grenada should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Grenada should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Grenada appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Grenada's exchange partners and therefore with respect to Grenada's implementation of these requirements.

Based on these findings it was concluded that Grenada appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Grenada is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Guernsey

This report analyses the implementation of the AEOI Standard in Guernsey with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Guernsey's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Guernsey's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Guernsey's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Guernsey's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Guernsey is encouraged to continue to evolve and refine its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Guernsey commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Guernsey:

- relies on Section 75C(4) and Section 75CC of the Income Tax Law, 1975;
- enacted The Income Tax (Approved International Agreements) (Implementation) (Common Reporting Standard) Regulations, 2015 (known as "the 2015 Regulations"), that was later amended in 2020 (known as "the 2020 amending Regulations"); and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and Lower Value Individual Accounts and on Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Guernsey amended its legislative framework to address issues identified, effective from 12 May 2020.

With respect to the exchange of information under the AEOI Standard, Guernsey:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place nine bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Guernsey that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Guernsey requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Guernsey's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	11 145
Financial Accounts reported in 2021	353 464

Table 2 sets out the number of exchange partners to which information was successfully sent by Guernsey in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Guernsey's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	61	64	70	73

In order to provide for the effective implementation of the AEOI Standard, in Guernsey:

- the Revenue Service (the tax authority) is responsible for ensuring the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Guernsey's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring all Reporting Financial Institutions to register on the Information Gateway Online Reporter (IGOR) system to report information to the Competent Authority. The IGOR system allows for the validation of the information reported by the Reporting Financial Institutions against the XML Schema; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Guernsey's legal frameworks implementing the AEOI Standard concluded with the determination that Guernsey's domestic and international legal frameworks are In

Place. This has been taken into account when reviewing the effectiveness of Guernsey's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Guernsey are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Guernsey's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Guernsey has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Guernsey has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Guernsey has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Guernsey has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Guernsey's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Guernsey's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Guernsey and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Guernsey has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Guernsey put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Guernsey's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Guernsey are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Guernsey's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Guernsey is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Guernsey implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Guernsey implemented an overarching strategy to ensure compliance with the AEOI Standard, comprised of two pillars: the AEOI Compliance Strategy and the AEOI Compliance Methodology. The first pillar sets out the strategy to be implemented whilst the second pillar establishes the way in which the strategy is to be implemented. Guernsey's strategy is based on a risk assessment that takes into account a range of relevant information sources, such as information reported by Reporting Financial Institutions, feedback from peers and information about external notices sent to the Financial Institution such as by the FSC (the financial regulator). Pivotal to the risk assessment process is the Information Gateway Online Reporter (IGOR) system, which allows for the processing and analysis of the information received from the Reporting Financial Institutions. Guernsey's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Guernsey intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Guernsey has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, the list of entities regulated by the Guernsey Financial Services Commission (the financial regulator), the registry of companies and lists from industry associations. Guernsey is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required. Guernsey intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Revenue Service appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Guernsey has assigned the equivalent of five full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Guernsey effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that effective action is taken to address the circumvention of the requirements, ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- It is noted that Guernsey does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Guernsey has carried out substantial communication and outreach activities, such as providing guidance to Financial Institutions and holding regular meetings with relevant professional associations, as well as other external stakeholders.
Verifying that Financial Institutions are reporting as required	Guernsey has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as the completion of questionnaires, conducting desk-based reviews, cross-checking its list of Reporting Financial Institutions with relevant information sources, such as the Foreign Financial Institutions list for FATCA purposes, lists of regulated entities, amongst others. It has identified some Financial Institutions incorrectly not reporting and it is following up with these Financial Institutions to ensuring their ongoing compliance.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Guernsey has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Guernsey has also conducted a significant number of onsite visits. It accordingly identified some issues, commonly concerning the absence of Tax Identification Numbers being reported, apparently inaccurate dates of birth, incomplete addresses and undocumented accounts. It is following up with these Financial Institutions to ensuring their ongoing compliance.
Enforcement	Following the activities mentioned above, Guernsey has imposed some penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Guernsey, the presence of the key data point of the Tax Identification Numbers appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Guernsey nevertheless reported a lower rate of collection of dates of birth when compared to most other jurisdictions, although it has increased over time. This is another key data point for exchange partners to effectively utilise the information. More generally, many of the exchange partners that received a significant number of records from Guernsey indicated that they achieved a success rate when matching the information received from Guernsey with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Guernsey is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Guernsey is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Guernsey implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Guernsey received a notification from one partner and successfully processed it in a timely manner, resolving the issues raised. It also appears that Guernsey will notify its partners of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Guernsey is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Guernsey's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Guernsey is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Guernsey's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Guernsey and therefore with respect to Guernsey's implementation of these requirements. More generally, one of Guernsey's exchange partners reported rejecting more than 25% but less than 50% of the files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Guernsey has already successfully addressed the issue raised .

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to sorting, preparing and validating the information. Guernsey is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Guernsey linked to the CTS.

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Guernsey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Guernsey's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Guernsey and therefore with respect to Guernsey's implementation of this requirement.

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to exchanging information in a timely manner. Guernsey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Guernsey's exchange partners did not raise any concerns with respect to Guernsey's use of the agreed transmission methods and therefore with Guernsey's implementation of this requirement.

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Guernsey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Guernsey's exchange partners did not raise any concerns with respect to Guernsey's receipt of the information and therefore with Guernsey's implementation of these requirements.

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to the receipt of the information. Guernsey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Guernsey appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Guernsey's exchange partners and therefore with respect to Guernsey's implementation of these requirements.

Based on these findings it was concluded that Guernsey is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Guernsey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Guernsey wishes to thank the Assessors and the Secretariat for providing a practical, pragmatic and informed report.

Guernsey values the comments included in previous report iterations as they have been helpful indications of where improvements can be introduced. The Guernsey Exchange of Information Compliance Framework has benefited from the Assessment as provisional recommendations or suggestions have been implemented.

Guernsey recognises the enormity of the work undertaken and applauds the Assessors for their excellent ability to interpret and understand the Guernsey compliance framework.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Hong Kong (China), the Isle of Man, Jersey and the United Kingdom.

Hong Kong (China)

This report analyses the implementation of the AEOI Standard in Hong Kong with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Hong Kong's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Hong Kong's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Hong Kong's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Hong Kong's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Hong Kong is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Hong Kong commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Hong Kong:

- amended the Inland Revenue Ordinance (Cap. 112) by inserting new provisions implementing the CRS and its Commentary; and
- issued further guidance, which is admissible in evidence before a court though is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Hong Kong made various amendments to its legislative framework to address issues identified, the last of which will be effective from 1 January 2021.

With respect to the exchange of information under the AEOI Standard, Hong Kong:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place 15 bilateral agreements under which exchanges started in 2018² and 2019³.

Table 1 sets out the number of Financial Institutions in Hong Kong that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Hong Kong requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Hong Kong's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 352
Financial Accounts reported in 2021	21 425 735

Table 2 sets out the number of exchange partners to which information was successfully sent by Hong Kong in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Hong Kong's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	40	45	50	68

In order to provide for the effective implementation of the AEOI Standard in Hong Kong:

- the Inland Revenue Department (IRD, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Hong Kong's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with the IRD's AEOI Portal through which XML files are uploaded; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Hong Kong's legal frameworks implementing the AEOI Standard concluded with the determination that Hong Kong's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Hong Kong's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Hong Kong are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Hong Kong's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Hong Kong has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Hong Kong has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Hong Kong has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Hong Kong has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Hong Kong's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Hong Kong's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Hong Kong and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Hong Kong has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Hong Kong put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Hong Kong's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Hong Kong, China ("Hong Kong") would like to thank the Secretariat, members of the AEOI Assessment Panel and the AEOI Peer Review Group for their efforts and contributions in finalising the report on Hong Kong.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Hong Kong are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Hong Kong's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Hong Kong is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Hong Kong implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Hong Kong implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources including industry information and information gained from other compliance activities. Hong Kong's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Hong Kong keeps its compliance strategy and risk assessment under review, including incorporating findings from previous compliance activities, to ensure its effectiveness on an ongoing basis.
- Hong Kong has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as registers of regulated entities maintained by local regulators, the Foreign Financial Institution list for FATCA purposes and information obtained from trustee service providers. Hong Kong is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Hong Kong intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Hong Kong's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Hong Kong has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions, and additional support is also provided by IT personnel for this compliance work. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Hong Kong effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. Hong Kong has carried out desk-based reviews and onsite visits as part of its compliance activities. Hong Kong has also made use of questionnaires to gather information on the collection of self-certifications, including in cases after the opening of the Financial Account. Hong Kong has taken action to verify compliance through accessing records held by Reporting Financial Institutions, including obtaining self-certifications to verify their proper collection and validity. Hong Kong is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Hong Kong has taken action to ensure that Reporting Financial Institutions understand the requirements on the interaction between the CRS and AML frameworks, including monitoring to ensure that recent legislative changes are being applied in practice.
- Hong Kong has followed up on undocumented accounts. Hong Kong is also keeping its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Hong Kong has carried out substantial communication and outreach activities, such as publishing detailed guidance, producing pamphlets and videos and arranging seminars and workshops.
Verifying that Financial Institutions are reporting as required	Hong Kong has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as seeking explanations from Financial Institutions found on lists such as the Foreign Financial Institution list for FATCA purposes and industry lists that have not registered for AEOI purposes and seeking explanations. This includes some Financial Institutions that filed nil returns. Hong Kong identified some Financial Institutions incorrectly not reporting. It is

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	following up on these issues with a view to ensuring future compliance. Hong Kong has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Hong Kong has carried out onsite visits. It accordingly identified some issues concerning Reportable Accounts omitted from reporting and accounts reported with incorrect information. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Hong Kong has imposed some penalties and sanctions, and has also issued warning letters when considered appropriate. It is monitoring the impact of these penalties, sanctions and warnings with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Hong Kong, the presence of the key data points of Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Hong Kong indicated that they achieved a success rate when matching the information received from Hong Kong with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Hong Kong is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

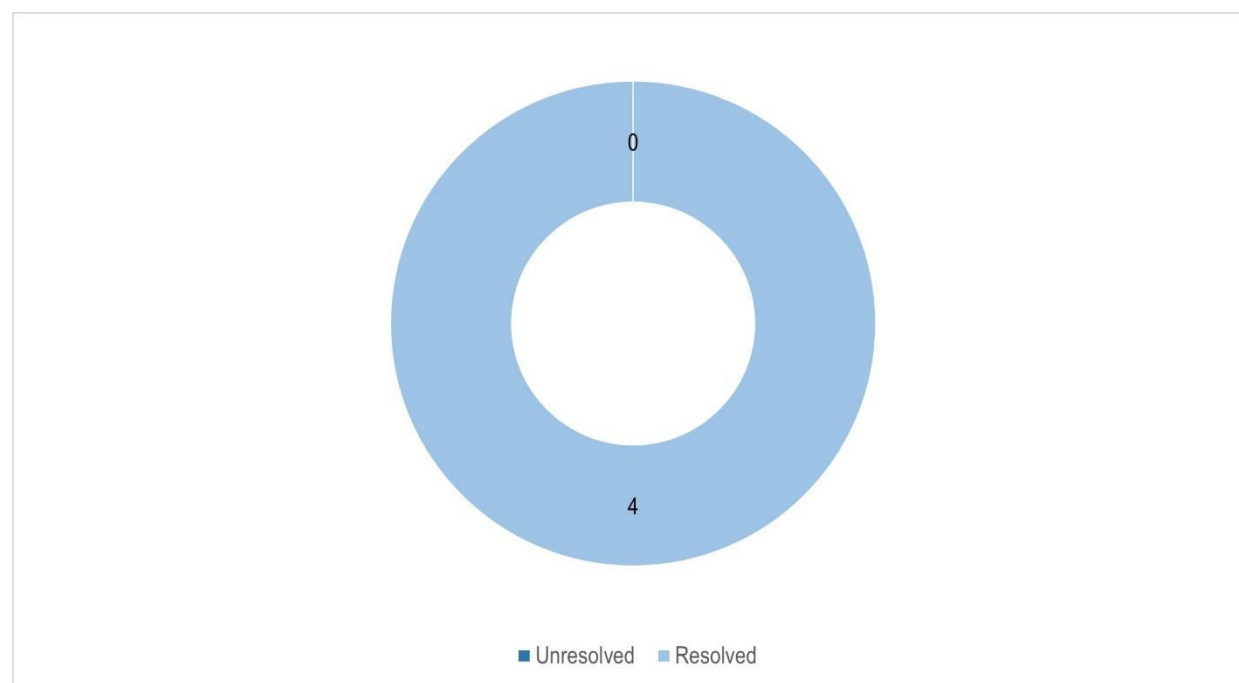
SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Hong Kong implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Hong Kong received notifications from four partners (representing 6% of its partners) and successfully processed them in a timely manner, resolving the issues raised. This is depicted in Figure 1. It also appears that Hong Kong will notify its partners effectively if errors or suspected non-compliance are identified when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Hong Kong is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Hong Kong's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Hong Kong is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Hong Kong's exchange partners did not raise any concerns with respect to their ability to process the information received from Hong Kong and therefore with respect to Hong Kong's implementation of these requirements. More generally, one of Hong Kong's exchange partners reported rejecting more than 25% of the files received although not more than 50%, due to the technical requirements

not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Hong Kong has already successfully addressed the issue.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to sorting, preparing and validating the information. Hong Kong is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Hong Kong linked to the CTS.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Hong Kong is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Hong Kong's exchange partners did not raise any concerns with respect to the timeliness of the exchanges by Hong Kong and therefore with respect to Hong Kong's implementation of this requirement.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to exchanging the information in a timely manner. Hong Kong is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Hong Kong's exchange partners did not raise any concerns with respect to Hong Kong's use of the agreed transmission methods and therefore with Hong Kong's implementation of this requirement.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Hong Kong is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Hong Kong's exchange partners did not raise any concerns with respect to Hong Kong's receipt of the information and therefore with Hong Kong's implementation of these requirements.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to the receipt of the information. Hong Kong is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Hong Kong has responded to notifications and provided corrected, amended or additional information in a timely manner and no such concerns were raised by Hong Kong's exchange partners and therefore with respect to Hong Kong's implementation of these requirements.

Based on these findings it was concluded that Hong Kong is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Hong Kong is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Hong Kong, China would like to thank the Secretariat and the AEOI Assessment Panel for their efforts and contributions in finalising the report.

Notes

¹ Through a territorial extension by China.

² With Canada, China, Guernsey, Indonesia, Ireland, Italy, Japan, Mexico, the Netherlands, New Zealand, Portugal, South Africa and the United Kingdom.

³ With Korea and Switzerland.

Hungary

This report analyses the implementation of the AEOI Standard in Hungary with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Hungary's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Hungary's international legal framework to exchange the information with all of Hungary's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, Hungary's legal framework includes four categories of jurisdiction-specific Excluded Accounts that are not in accordance with the AEOI Standard.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Hungary's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Hungary is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: **On Track**

General context

Hungary commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Hungary:

- enacted Act CXC of 2015 on the publication of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information;
- enacted Annexes 1 and 2, and Section V/B of the Act XXXVII of 2013 on the international administrative cooperation in tax matters, as amended in 2021;
- issued further guidance, which is not legally binding; and
- made reference to Act LIII of 2017 Preventing and Combating Money Laundering and Terrorist Financing implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Hungary amended its legislative framework to address issues identified, effective from 1 January 2022.

With respect to the exchange of information under the AEOI Standard, Hungary:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Hungary that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Hungary requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Hungary's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	52
Financial Accounts reported in 2021	219 071

Table 2 sets out the number of exchange partners to which information was successfully sent by Hungary in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Hungary's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	66	72	72

In order to provide for the effective implementation of the AEOI Standard, in Hungary:

- the National Tax and Customs Administration (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Hungary's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the National Tax and Customs Administration; and

- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Hungary's legal frameworks implementing the AEOI Standard concluded with the determination that Hungary's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Hungary's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Hungary are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Hungary's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2). More specifically, Hungary's legislative framework provides for four categories of jurisdiction-specific Excluded Accounts that do not meet the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Hungary has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Hungary has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Hungary's domestic legislative framework provides for four jurisdiction-specific Excluded Accounts that are not in accordance with the requirements.

The definition of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

Hungary should amend its domestic legislative framework to remove four entries from its jurisdiction-specific list of Excluded Accounts as they do not meet the requirements. They are: i) Stability Saving Accounts; ii) Pension savings accounts; iii) Deposit accounts held by public notaries and advocates; and iv) Treasury Start Security Accounts (Start Accounts).

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Hungary has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Hungary has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Hungary's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Hungary's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Hungary and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Hungary has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Hungary put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Hungary's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Hungary expresses its thanks and gratitude to the assessment team and to the Secretariat for the preparation of this report, for their availability and for the constructive collaboration throughout this review. Hungary takes due note of the findings of the report and the recommendations made and will examine them carefully, with the aim of further improving its legal framework in the area of automatic exchange of information.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Hungary are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Hungary's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Hungary is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:

- i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Hungary implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Hungary implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as in relation to the population of its regulated Financial Institutions, the information submitted by Reporting Financial Institutions as well as the feedback received from its exchange partners. Hungary's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Hungary intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Hungary has worked effectively to understand its population of Financial Institutions. Hungary requires its Financial Institutions to register and requires nil reporting in cases where no Reportable Accounts are identified. It also publishes the list of Financial Institutions registered for the purposes of the AEOI Standard. In addition, Hungary has utilised various relevant information sources, such as the lists of regulated entities and the Foreign Financial Institution list for FATCA purposes to verify whether the list of registered Financial Institutions for the purposes of the AEOI Standard is complete. The information sources could be expanded in relation to the identification of non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard. Hungary has taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Hungary intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Hungary's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Hungary has assigned the equivalent of six full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. There is also an additional pool of auditors who provide assistance during onsite and in-depth audit activities. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.

- It appears that Hungary effectively verifies compliance with and enforces the requirements including through the inspection of records of Reporting Financial Institutions. However, it appears that Hungary has not yet applied penalties or other sanctions for non-compliance. Hungary is ready to take effective action to address circumvention of the requirements if such circumvention is detected. Hungary appears to have procedures in place to ensure that self-certifications are obtained as required and to follow up on undocumented accounts.
- Hungary will keep its jurisdiction-specific list Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes. It does not have a jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Hungary has carried out substantial communication and outreach activities, such as conferences for Financial Institutions and for tax advisors and provides continued assistance to various stakeholders by answering their queries and providing them with clarifications on issues related to the AEOI Standard.
Verifying that Financial Institutions are reporting as required	Hungary has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking various relevant lists of entities with the list of Financial Institutions registered for the AEO Standard and comparing the registrations with the list of Financial Institutions that have reported information. It identified one Financial Institution incorrectly not reporting. It has followed up on the issue and the Financial Institution subsequently submitted its report.
Verifying whether the information reported is complete and accurate	Hungary has conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Hungary has conducted some in-depth audits.
Enforcement	Following the activities mentioned above, Hungary has not yet imposed penalties and sanctions, but has plans to do so in the near future.

With respect to the Financial Account information collected and sent by Hungary, the presence of the key data points of the Tax Identification Numbers and the level of undocumented accounts appeared to be in line with most other jurisdictions. However, while the collection and reporting of dates of birth is generally higher across jurisdictions, Hungary nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Hungary is aware of these issues and is taking steps to address them.

More generally, many of the exchange partners that received a significant number of records from Hungary indicated that they achieved a success rate when matching the information received from Hungary with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Hungary is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the identification of non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard and routinely applying its enforcement measures. Hungary should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Hungary should expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Hungary should routinely apply its enforcement activities where non-compliance is identified, including the application of penalties and sanctions as appropriate.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.
- c) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Hungary implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Hungary has the necessary systems and procedures to process them as required. Hungary also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Hungary is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Hungary is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Hungary implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Hungary is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Hungary's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Hungary and therefore with respect to Hungary's implementation of these requirements. More generally, four (or 5%) of Hungary's exchange partners reported rejecting

more than 25% of the files received, of which three reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that while Hungary has addressed all the issues, the resolution of some of them is still ongoing.

Based on these findings it was concluded that, overall, Hungary is meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. It was also noted that there is room for improvement with respect to addressing issues raised by its exchange partners. Hungary is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Hungary should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Hungary linked to the CTS and the CCN, which is used for exchanges within the European Union.

Based on these findings it was concluded that Hungary is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Hungary is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Hungary's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Hungary and therefore with respect to Hungary's implementation of this requirement.

Based on these findings it was concluded that Hungary is fully meeting expectations in relation to exchanging the information in a timely manner. Hungary is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Hungary's exchange partners did not raise any concerns with respect to Hungary's use of the agreed transmission methods and therefore with Hungary's implementation of this requirement.

Based on these findings it was concluded that Hungary is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Hungary is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Three of Hungary's exchange partners highlighted delays in the sending of status messages by Hungary, (representing 3% of its partners). It was noted that Hungary appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Hungary is meeting expectations in relation to the receipt of the information. Hungary is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness, including addressing the issues raised.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Hungary appears ready to respond to notifications and provide corrected, amended or additional information in a timely manner and no such concerns were raised by Hungary's exchange partners and therefore with respect to Hungary's implementation of these requirements.

Based on these findings it was concluded that Hungary appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Hungary is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Hungary thanks the assessment team for their work and guidance in producing this report and is pleased to note that its efforts for the implementation of the AEOI Standard have been recognised as being currently effective and on track. Hungary will continue to actively monitor its FI population as well as the exchanges in practice, to ensure effectiveness and improve its processes and quality of the information exchanged.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Iceland

This report analyses the implementation of the AEOI Standard in Iceland with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Iceland's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Iceland's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Iceland's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Iceland's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Iceland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Iceland commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Iceland:

- enacted Paragraphs 6 and 8 of Art. 92 in the Income Tax Law no. 90/2003;
- introduced Regulation No. 1240/2015 as amended by Regulations No. 206/2016, No. 1231/2016, No. 940/2017 and No. 557/2019;
- issued further guidance, which is legally binding; and
- made reference to the Act on Measures Against Money Laundering and Terrorist Financing No. 140/2018 implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Iceland made various amendments to its legislative framework to address issues identified, the last of which was effective from 28 May 2019.

With respect to the exchange of information under the AEOI Standard, Iceland:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place a bilateral agreement.¹

Table 1 sets out the number of Financial Institutions in Iceland that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Iceland requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Iceland's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	11
Financial Accounts reported in 2021	122 613

Table 2 sets out the number of exchange partners to which information was successfully sent by Iceland in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Iceland's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	59	64	67	70

In order to provide for the effective implementation of the AEOI Standard, in Iceland:

- the Directorate of Internal Revenue (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Iceland's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the tax authority; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Iceland's legal frameworks implementing the AEOI Standard concluded with the determination that Iceland's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Iceland's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Iceland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Iceland's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Iceland has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Iceland has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Iceland has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Iceland has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Iceland's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Iceland's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Iceland and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Iceland has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Iceland put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Iceland's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Iceland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Iceland's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Iceland is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Iceland implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Iceland implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as other information reporting requirements, results from tax audits, analyses of the information reported under the AEOI Standard and feedback from exchange partners. Iceland's compliance strategy appears appropriate to the size of the financial sector, facilitates compliance and incorporates a credible approach to enforcement. Iceland intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Iceland has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the list of regulated entities maintained by Iceland's financial regulators and the Foreign Financial Institution list for FATCA purposes. Iceland is taking action to ensure Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Iceland uses the Foreign Financial Institution list for FATCA purposes to identify its non-regulated Financial Institutions. Iceland intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Iceland's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Iceland has assigned the equivalent of four full time staff to administer the AEOI Standard, which have access to IT systems and tools to conduct risk assessments. Staff equivalent to two full time staff have also been assigned to tasks related to compliance activities. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- Iceland appears to have developed an operational plan to verify compliance that incorporates an appropriate range of relevant compliance activities. The desk-based activities that have been conducted include the review of the policies and procedures of Reporting Financial Institutions and the forms used. Iceland has also conducted some onsite visits.
- Iceland has the procedures in place to effectively enforce compliance, including through accessing the records of Reporting Financial Institutions and the application of penalties or other sanctions for non-compliance, although these have not yet been applied in practice.
- Iceland has conducted reviews of the procedures to obtain self-certifications and of the templates used, and has carried out activities to verify the collection and validity of self-certifications in practice. It appears to have procedures in place to follow up on undocumented accounts and to address circumvention of the due diligence and reporting procedures by Financial Institutions in the event these are detected.
- It is noted that Iceland does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Iceland has carried out substantial communication and outreach activities, such as having regular bilateral communications with Reporting Financial Institutions and regularly publishing guidelines.
Verifying that Financial Institutions are reporting as required	Iceland has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the list of Reporting Financial Institutions with the Foreign Financial Institutions list for FATCA purposes and identified one Financial Institution incorrectly not reporting. The Financial Institution submitted its report after the tax authority engaged with it.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Iceland has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Iceland has also conducted a significant number of in-depth audits and onsite visits.
Enforcement	Iceland has not yet imposed penalties and sanctions, but has plans to do so in the near future.

With respect to the Financial Account information collected and sent by Iceland, the presence of the key data point of dates of birth appeared to be in line with most other jurisdictions. Reporting Financial Institutions reported no undocumented accounts.

However, there was a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Follow-up discussions confirmed that Iceland is aware of this issue and is taking steps to address it.

More generally, many of the exchange partners that received a significant number of records from Iceland indicated that they achieved a success rate when matching the information received from Iceland with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Iceland is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to identifying non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard and further implementing the planned verification and enforcement activities. Iceland is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Iceland should expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Iceland should further implement its planned verification and enforcement activities.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Iceland implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, it has the necessary systems and procedures to process them as required. Iceland also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Iceland is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Iceland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Iceland's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Iceland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Iceland's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Iceland and therefore with respect to Iceland's implementation of these requirements. More generally, three (or 4%) of Iceland's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met, although they did not reject more than 50%. This is a relatively low amount when compared to other jurisdictions and it has decreased over time. It was noted that Iceland has already successfully addressed all of the issues.

Based on these findings it was concluded Iceland is fully meeting expectations in relation to sorting, preparing and validating the information. Iceland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Iceland linked to the CTS.

Based on these findings it was concluded that Iceland is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Iceland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Iceland and stated that the information has still not been received. It was noted that Iceland successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Iceland is fully meeting expectations in relation to exchanging the information in a timely manner. Iceland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Iceland's exchange partners did not raise any concerns with respect to Iceland's use of the agreed transmission methods and therefore with Iceland's implementation of this requirement.

Based on these findings it was concluded that Iceland is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Iceland's is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Three exchange partners highlighted delays in the sending of status messages by Iceland, representing 3% of its partners. It was noted that Iceland appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Iceland is fully meeting expectations in relation to the receipt of the information. Iceland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Iceland appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Iceland's exchange partners and therefore with respect to Iceland's implementation of these requirements.

Based on these findings it was concluded that Iceland's appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Iceland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Singapore.

India

This report analyses the implementation of the AEOI Standard in India with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

India's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While India's international legal framework to exchange the information with all of India's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies in areas significant to the proper functioning of the AEOI Standard. More specifically, India's legislative framework provides for several categories of jurisdiction-specific Non-Reporting Financial Institutions that do not meet the requirements of the AEOI Standard.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

India's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). India is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: **On Track**

General context

India commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, India:

- enacted Section 285BA of the Income-tax Act 1961 and Rules 114F to 114H of the Income-tax Rules, 1962;
- issued further guidance, which was amended on 30 July 2020 and is legally binding; and
- made reference to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2017.

Following the initial Global Forum peer review, India amended its legislative framework to address issues identified, effective from 30 July 2020.

With respect to the exchange of information under the AEOI Standard, India is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017.

Table 1 sets out the number of Financial Institutions in India that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that India requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of India's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	537
Financial Accounts reported in 2021	6 819 446

Table 2 sets out the number of exchange partners to which information was successfully sent by India in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to India's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	60	67	68	74

In order to provide for the effective implementation of the AEOI Standard, in India:

- the Central Board of Direct Taxes (CBDT, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with India's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with a Reporting Portal which allows Reporting Financial Institutions to submit information in XML format which is then subject to validation to ensure the information is in line with the requirements; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of India's legal frameworks implementing the AEOI Standard concluded with the determination that India's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of India's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for India are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

India's domestic legislative framework is in place and contains many of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1). More specifically, India provides for six categories of jurisdiction-specific Non-Reporting Financial Institutions that are not in line with the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

India has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, India has provided for four categories of jurisdiction-specific Non-Reporting Financial Institution that do not correspond to any of the categories of Non-Reporting Financial Institutions foreseen in the AEOI Standard. The definition of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

India should amend its domestic legislative framework to remove four categories from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not correspond to any of the categories of Non-Reporting Financial Institution foreseen in the AEOI Standard. The entries are: i) Financial Institutions with Low Value Accounts; ii) Local Banks; iii) Treaty Qualified Retirement Funds and iv) Financial Institutions with a local client base.

India should amend its domestic legislative framework to remove two further categories from its jurisdiction-specific list of Non-Reporting Financial Institutions as they are Non-Financial Entities and should therefore be treated as such under the AEOI Standard. The categories are: (i) the Gratuity Fund and (ii) the Non-Public Fund of the Armed Forces.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

India has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

India has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

India has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

India's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of India's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from India and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

India has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

India put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

India's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for India are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

India's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). India is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, India implemented all of the requirements in accordance with expectations. The key findings were as follows:

- India implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as compliance information obtained from the AML regulator and analysis undertaken using India's Business Intelligence Dashboard. India's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. India intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- India has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of regulated entities, the Foreign Financial Institution list for FATCA purposes, and data obtained from the income tax database. India is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. India intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing India's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, India utilises existing resource across various teams to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments such as Data Quality Reports based on the information reported. Overall, India appears to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that India effectively enforces the requirements, having conducted desk-based checks and onsite audits which include the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that India is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- India will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.
- India has six categories of Non-Reporting Financial Institution, which have been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	India has carried out substantial communication and outreach activities, including publicity campaigns and outreach programs to industry to raise awareness of their obligations.
Verifying that Financial Institutions are reporting as required	India has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking lists of regulated entities and the Foreign Financial Institution list for FATCA purposes, and identified many Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	India has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, India has conducted some onsite visits. It accordingly identified some issues, commonly concerning incomplete or incorrect reporting of balances and income, incomplete account holder identification information and accounts incorrectly reported as undocumented. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, India has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by India, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, India nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Information provided by India also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced over time. Follow-up discussions confirmed that India is aware of these issues is seeking to improve the situation.

Feedback from India's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from India. Furthermore, six exchange partners highlighted issues with respect to the information received, such as incorrect reporting in relation to the names and addresses of account holders, and incorrect account balances. Follow-up discussions confirmed that India is aware of these issues is seeking to improve the situation.

Based on these findings it was concluded that, overall, India is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to continuing to address the issues raised by exchange partners. India is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

India should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

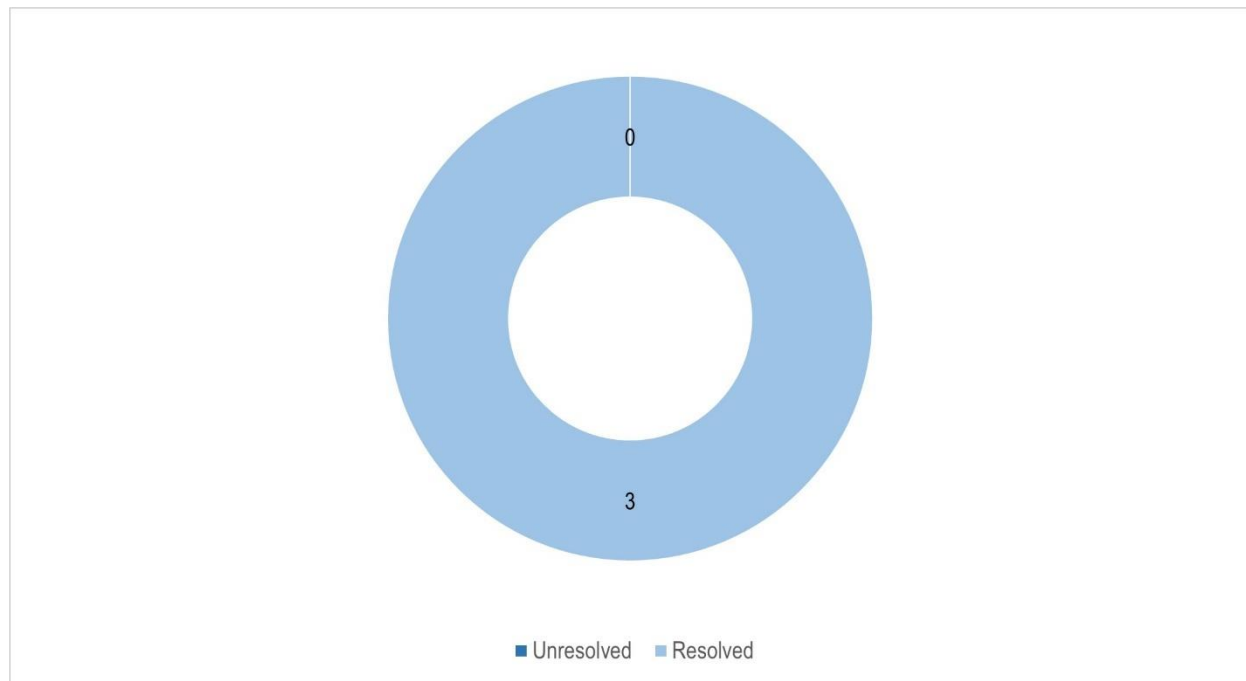
- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, India implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, India received notifications from three partners (representing 4% of its partners) and successfully processed them in a timely manner, resolving the issues raised. India also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that India is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. India is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

India's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections,

amendments or additions to the information (SR 2.9). India is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from India's exchange partners did not raise any specific concerns with respect to their ability to process the information received from India and therefore with respect to India's implementation of these requirements. More generally, one of India's exchange partners reported rejecting more than 25% of the files received, and did not report rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions.

Based on these findings it was concluded that India is fully meeting expectations in relation to sorting, preparing and validating the information. India is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, India linked to the CTS.

Based on these findings it was concluded that India is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. India is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from India's exchange partners did not raise any concerns with respect to timeliness of the exchanges by India and therefore with respect to India's implementation of this requirement.

Based on these findings it was concluded that India is fully meeting expectations in relation to exchanging information in a timely manner. India is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from India's exchange partners did not raise any concerns with respect to India's use of the agreed transmission methods and therefore with India's implementation of this requirement.

Based on these findings it was concluded that India is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. India is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

bb

Ten exchange partners highlighted delays in the sending of status messages by India, representing 10% of its partners. This represents a relatively high proportion of partners. Some of these delays were due to a one-off technical issue. It was noted that India appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that India is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to sending status messages in a timely manner in accordance with the requirements. India should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

India should ensure that it sends Status Messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

India appears has responded to notifications and provided corrected, amended or additional information in a timely manner and no such concerns were raised by India's exchange partners and therefore with respect to India's implementation of these requirements.

Based on these findings it was concluded that India is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. India is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Indonesia

This report analyses the implementation of the AEOI Standard in Indonesia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Indonesia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Indonesia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Indonesia's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Indonesia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Indonesia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Indonesia commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Indonesia:

- enacted Law Number 9 of 2017 on Enactment of Government Regulation in Lieu of Law of The Republic of Indonesia, Number 1 of 2017 on Access to Financial Information for Tax Purposes to Become Law; and
- Introduced the Regulation of the Minister of Finance Number 70/PMK.03/2017 as most recently amended by Regulation of the Minister of Finance Number 19/PMK.03/2018 on Technical Guidance on Access to Financial Information for Tax Purposes.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Indonesia amended its legislative framework to address issues identified, effective from 19 February 2019.

With respect to the exchange of information under the AEOI Standard, Indonesia:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place a bilateral agreement.¹

Table 1 sets out the number of Financial Institutions in Indonesia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Indonesia requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Indonesia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	869
Financial Accounts reported in 2021	389 448

Table 2 sets out the number of exchange partners to which information was successfully sent by Indonesia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Indonesia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	59	66	69	72

In order to provide for the effective implementation of the AEOI Standard, in Indonesia:

- the Directorate General of Taxes (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Indonesia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by creating two online Portals which allow Reporting Financial Institutions to submit the XML files; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Indonesia's legal frameworks implementing the AEOI Standard concluded with the determination that Indonesia's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Indonesia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Indonesia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Indonesia's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Indonesia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Indonesia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Indonesia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Indonesia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Indonesia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Indonesia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Indonesia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Indonesia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Indonesia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Indonesia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Indonesia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Indonesia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Indonesia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Indonesia implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Indonesia implemented an overarching strategy to ensure compliance with the AEOI Standard. This included communication, awareness raising activities and guidance to ensure that all Financial Institutions are well informed and possess all the necessary knowledge to have common understanding of their obligations in respect of AEOI. These activities have been conducted on a regular basis through various engagements with the licensing authorities, for instance the Financial Service Authority (FSA) and the financial industry associations. The strategy also encompasses an understanding of the population of Financial Institutions the monitoring of the reporting obligations and compliance audits based on a risk assessment process. The risk assessment process is carried out annually and takes into account a range of relevant information sources. Some of those sources are data maintained internally by the DGT (e.g. the profile and business activities of Financial Institutions, fulfilment of tax obligations, fulfilment of CRS obligations and feedback received from exchange partners) and external data gathered from other government and/or non-government bodies (e.g. compliance with AML obligations, articles and external publications related to the financial industry). Indonesia's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Indonesia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Indonesia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources. These include the list of regulated entities maintained by the licensing authorities, the tax authorities (DGT's) database (as all Financial Institutions in Indonesia should be licensed and must obtain a tax identification number (TIN)), the list of Foreign Financial Institutions for FATCA purposes and intelligence information gathered by a Government task force to monitor risks in the financial sector. Indonesia is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Indonesia intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The DGT, responsible for implementing Indonesia's compliance strategy, involves different departments in the compliance activities. The sub directorate of Exchange of Information within the Directorate of International Taxation, the Directorate of Tax Audit and Collection and the Directorate of Law Enforcement are in charge of ensuring the effective implementation of AEOI in Indonesia. They have teams skilled and responsible for conducting verifications, audits, including onsite audits and enforcement. The DGT appears to have the necessary powers and resources to discharge its functions, Indonesia has assigned 11 full time staff in the three Directorates to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities, including in-depth reviews and the inspection of records held by Reporting Financial Institutions.
- With regard to verification activities, Indonesia has procedures in place and has carried out specific checks during both desk-based verifications and onsite audits to ensure that Reporting Financial Institutions have performed due diligence procedures in accordance with the AEOI standard and to ensure that self-certifications are being obtained in accordance with the standard.
- It therefore appears that Indonesia effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and is ready to apply dissuasive penalties and sanctions for non-compliance. It also appears that Indonesia has started to take action to address circumvention of the requirements if such circumvention is detected, by creating a channel for the public to report potential circumvention of the CRS. Indonesia has conducted one-on-one follow-up meetings with the Reporting Financial Institutions that have reported undocumented accounts. Indonesia does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Indonesia has carried out substantial communication and outreach activities, such as periodic industry briefings to address cross cutting issues, interventions at trainings organised by other authorities and financial industry associations and road show dissemination for financial service institutions in several cities. Financial Institutions are also provided with channels to ask questions where necessary, namely a helpline and a dedicated email address. A dedicated website for all information regarding the implementation of AEOI in Indonesia is also available
Verifying that Financial Institutions are reporting as required	Indonesia has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as comparing the lists of Reporting Financial Institutions and Non-Reporting Financial Institutions with the list of licensed Financial Institutions and that of Financial Institutions registered for tax purposes and identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Indonesia has conducted a significant number of desk-based checks, to verify whether the information being reported is complete and accurate. Furthermore, Indonesia has also conducted some onsite verifications (audits) and material supervisions, including based on notifications from partners under section 4 MCAA. It accordingly identified some issues, commonly concerning invalid Tax Identification Numbers and date of birth. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Indonesia has not yet imposed penalties and sanctions, but has plans to do so in the near future.

In terms of the Financial Account information collected and sent by Indonesia, while the presence of the dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts, the proportion of Tax Identification Numbers with respect to the individuals associated with the accounts was significantly lower when compared to most other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Indonesia is aware of the issue and is taking steps to address it.

Feedback was also received from Indonesia's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively low level of success when seeking to match information received from Indonesia with their taxpayer database. Furthermore, several exchange partners have encountered problems such as invalid or missing Tax Identification Numbers, invalid or missing dates of birth and invalid or incomplete addresses. Follow-up discussions confirmed that Indonesia is aware of these issues is seeking to improve the situation, including engaging with the relevant exchange partners and including this issue in their risk assessment compliance strategy.

Based on these findings it was concluded that, overall, Indonesia is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the identification of relevant non-regulated entities and continuing to address the issues raised by its exchange partners. Indonesia is encouraged to continue its implementation process accordingly, including in relation by addressing the recommendation made.

Recommendations:

Indonesia should continue to address the issues raised by its exchange partners.

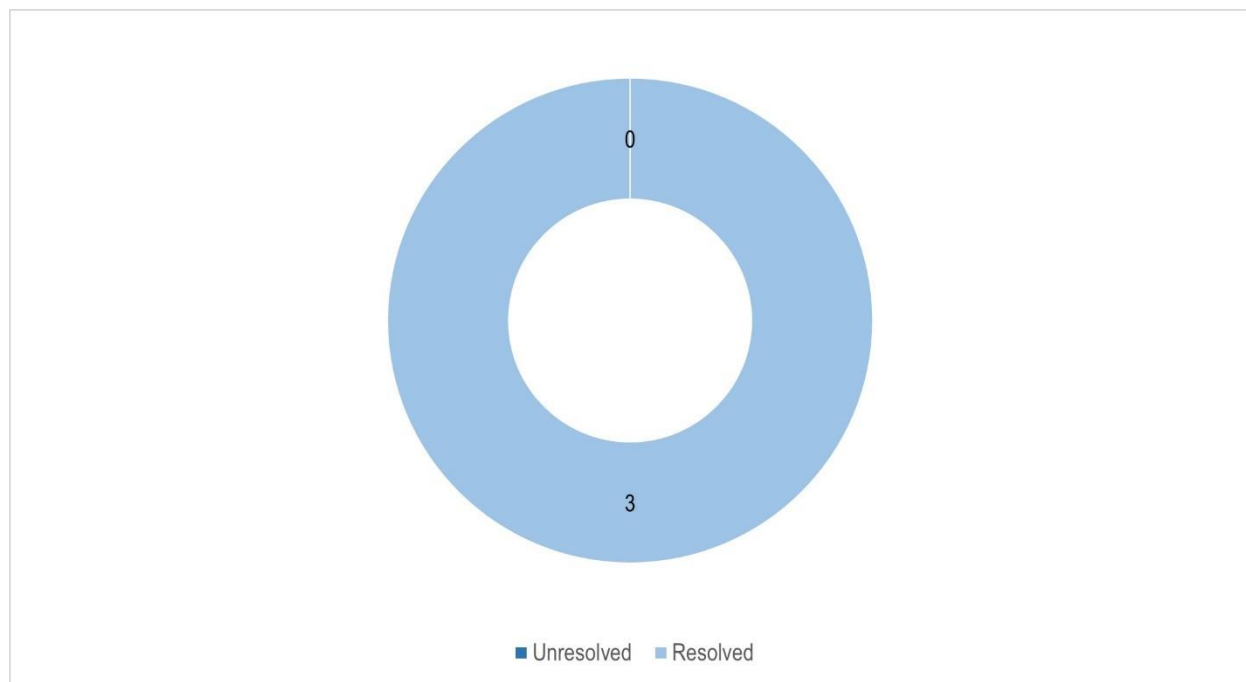
SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Indonesia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Indonesia received notification from three partners (representing 4% of its partners) and successfully processed them in a timely manner, resolving the issues raised. This is depicted in Figure 1. Indonesia also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that Indonesia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Indonesia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendation made

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

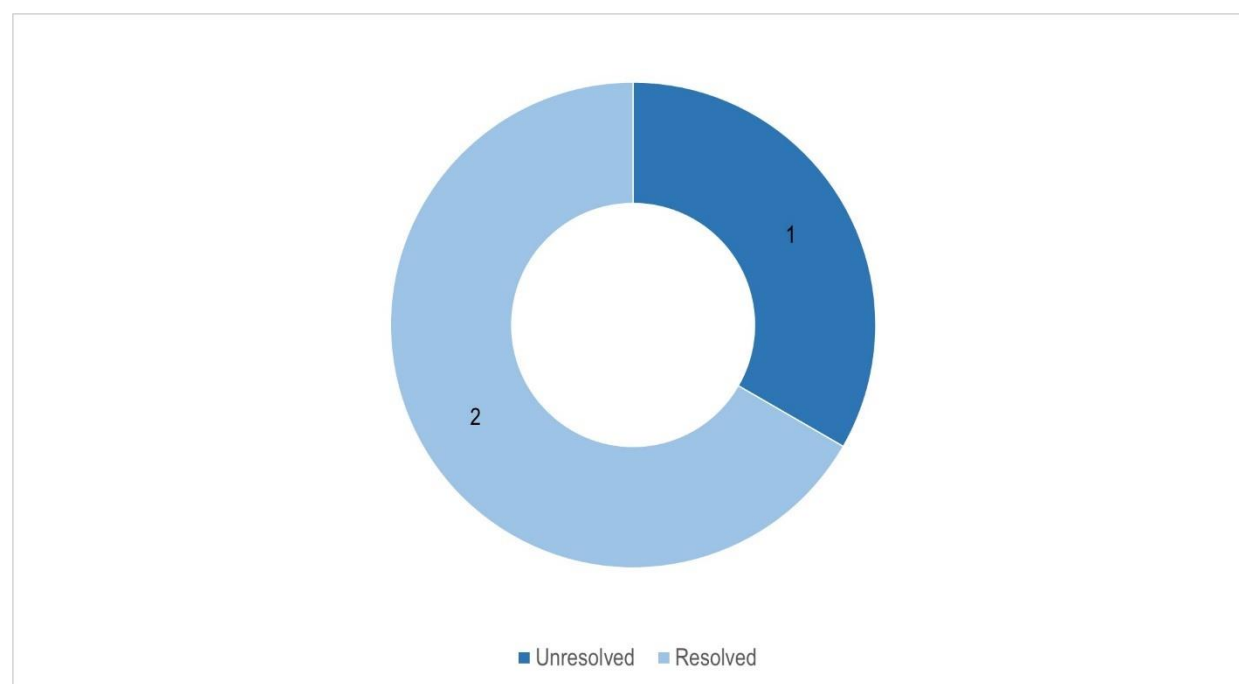
Indonesia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Indonesia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Indonesia (representing 4% of its partners). These generally related to issues concerning validation of files with the CRS XML Schema requirements. It was noted that Indonesia has already successfully addressed most of the issues, with only one issue where further communication is awaited from the partner jurisdiction. More generally, three (or 4%) of Indonesia's exchange partners reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions. It was noted that Indonesia has already successfully corrected and re-sent the files to the exchange partners.

Figure 2. Technical issues raised by Indonesia's exchange partners



Based on these findings it was concluded that, overall Indonesia is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with

respect to validation of files with the CRS XML Schema requirements. Indonesia is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Indonesia should continue to address the issue raised by its exchange partner.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Indonesia linked to the CTS

Based on these findings it was concluded that Indonesia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Indonesia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Three exchange partners highlighted delays in the sending of information by Indonesia (representing 4% of its partners). This represents a relatively high proportion of exchange partners. However, in two out of those three cases, it is clear that the delay was not highlighted promptly to Indonesia by the affected partners and Indonesia has worked proactively to effectively address all of the issues as soon as possible.

Based on these findings it was concluded that, Indonesia is fully meeting expectations in relation to exchanging the information in a timely manner. Indonesia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Indonesia's exchange partners did not raise any concerns with respect to Indonesia's use of the agreed transmission methods and therefore with Indonesia's implementation of this requirement.

Based on these findings it was concluded that Indonesia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Indonesia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Six exchange partners highlighted delays in the sending of status messages by Indonesia, representing 6% of its partners. This represents a relatively high proportion of partners, although it has improved over time. It was noted that Indonesia appears to be addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Indonesia is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the sending of timely status messages to the sending jurisdictions. Indonesia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Indonesia should ensure it consistently sends timely status messages to the sending jurisdictions when files are received.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Jurisdiction has responded to notifications and provided corrected, amended or additional information in a timely manner. One exchange partner highlighted delays in Indonesia responding to such notifications. It was noted that Indonesia has taken action to address the issue by sending corrected information to its exchange partner.

Based on these findings it was concluded that, overall, Indonesia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. It was also noted that there is room for improvement with respect to responding to a notification from an exchange partner in a timely manner. Indonesia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

No recommendation made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Indonesia appreciates the Global Forum Secretariat and the AEOI Assessment Panel for the work and effort undertaken. The comments and recommendations provided to us are invaluable inputs to ensure that the implementation of AEOI is on the right direction. As such we will make every effort to improve the effectiveness of AEOI implementation in Indonesia.

Note

¹ With Hong Kong (China).

Ireland

This report analyses the implementation of the AEOI Standard in Ireland with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Ireland's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Ireland's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Ireland's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Ireland's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Ireland is encouraged to continue to evolve and refine its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Ireland commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Ireland:

- amended Chapter 3 of Part 38 of the Taxes Consolidation Act, 1997 through Section 28 of the Finance Act 2014, to insert a new section 891F into the Taxes Consolidation Act, 1997;
- enacted Statutory Instrument No. 583 of 2015 and Statutory Instrument No. 560 of 2016 (European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2016);
- issued further guidance, which is not legally binding; and
- made reference to the Criminal Justice (Money Laundering and Terrorist Financing)(Amendment) Act, 2018 implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, Ireland:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries¹; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Ireland that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Ireland requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Ireland's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	5 969
Financial Accounts reported in 2021	2 336 574

Table 2 sets out the number of exchange partners to which information was successfully sent by Ireland in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Ireland's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	73	78

In order to provide for the effective implementation of the AEOI Standard, in Ireland:

- the Office of the Revenue Commissioners (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Ireland's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Reporting Financial Institutions to register and submit CRS reports via XML files using the Revenue Online Service portal, which is a secure filing facility. The information is validated upon receipt using the record validation rules of the CRS Status Message XML Schema; and

- the Common Transmission System (CTS) and in the European Union the Common Communication Network, are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Ireland's legal frameworks implementing the AEOI Standard concluded with the determination that Ireland's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Ireland's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Ireland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Ireland's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Ireland has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Ireland has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Ireland has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Ireland has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Ireland's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Ireland's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Ireland and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Ireland has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Ireland put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Ireland's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Ireland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Ireland's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Ireland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Ireland implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Ireland has implemented an overarching strategy to ensure compliance with the AEOI Standard which is based on two pillars: i) the promotion of voluntary compliance and ii) compliance interventions. The first pillar consists of regular meetings with industry representative groups and the provision of guidance to Reporting Financial Institutions. The second pillar is based on Ireland's compliance policy, which has been developed to set out the verification activities to be carried out, along with further internal guidance on how to carry them out and the areas of risk to focus on. Ireland bases its compliance strategy in a risk assessment process that takes into account a range of relevant information sources, such as existing risk assessment programs performed by the tax authority, the information reported by the Reporting Financial Institutions and feedback from partner jurisdictions. Ireland's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Ireland intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Ireland has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, the list of non-regulated financial institutions from the Central Bank of Ireland and lists of members of industry groups. Ireland takes action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Ireland intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Office of the Revenue Commissioners appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Ireland had initially integrated its AEOI Standard-related compliance activities into existing structures of the Office of the Revenue Commissioners. To strengthen its strategy, Ireland recently modified the structure and has created a dedicated AEOI compliance unit made up of five full time equivalent staff and two more that will join in the near future. This unit will carry out the compliance work for the largest Financial Institutions in Ireland related to the AEOI Standard and other AEOI initiatives, with the remaining ones still being covered by the integrated compliance programme. The staff have access to IT systems and tools which have recently been complemented to add new functionalities to support the compliance functions related to the AEOI Standard. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Ireland effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Ireland is ready to take effective action to address circumvention of the requirements if such circumvention is detected and has taken action to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Ireland will also keep its jurisdiction-specific list of Excluded Accounts under review to ensure it continues to pose a low risk of being used for tax evasion purposes. For this purpose, Ireland has held regular meetings with the pension sector and has observed that there is no significant increase in the number of these accounts held by non-residents.
- Ireland does not have a jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Ireland has carried out substantial communication and outreach activities, such as holding regular meetings with industry representative groups, presenting the requirements of the AEOI Standard to Reporting Financial Institutions and publishing guidance to address frequently raised issues.
Verifying that Financial Institutions are reporting as required	Ireland has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as performing matching exercises with various other lists to identify its population of Reporting Financial Institutions, as well as performing dedicated verification activities to identify Financial Institutions incorrectly not reporting. It identified several Financial Institutions incorrectly not reporting and has followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Ireland has conducted several desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Ireland has conducted some onsite visits. It accordingly identified some issues such as accounts for which information was not reported and accounts on which information was being reported incorrectly. It has followed up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Ireland has not yet imposed penalties and sanctions, but has issued reminders and warning letters and is currently pursuing some Financial Institutions for the imposition of penalties.

In terms of the Financial Account information collected and sent by Ireland, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

One exchange partner highlighted issues with respect to the information received, such as accounts with no payments reported. Follow-up discussions confirmed that Ireland is aware of this issue, which is expected to be resolved shortly. More generally, many of the exchange partners that received a significant number of records from Ireland indicated that they achieved a success rate when matching the information received from Ireland with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Ireland is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Ireland is encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Ireland should continue to address the issue raised by its exchange partner.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

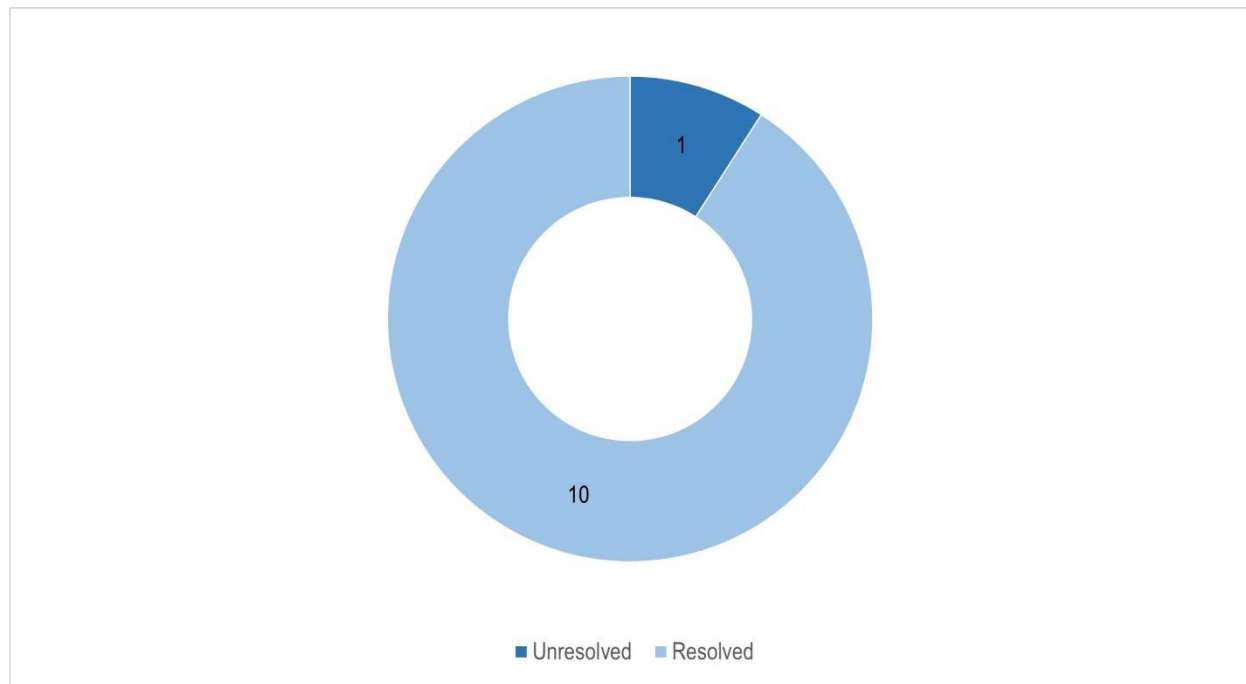
- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Ireland implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in

accordance with expectations. In particular, Ireland received notifications from 11 partners (representing 14% of its partners) and successfully processed most of them in a timely manner, resolving the issues raised, and is taking actions to address the remaining one, including continuing contact with the corresponding partner. This is depicted in Figure 1. It also appears that Ireland will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that Ireland is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Ireland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

Ireland should continue to work with its exchange partner to address the issue raised.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

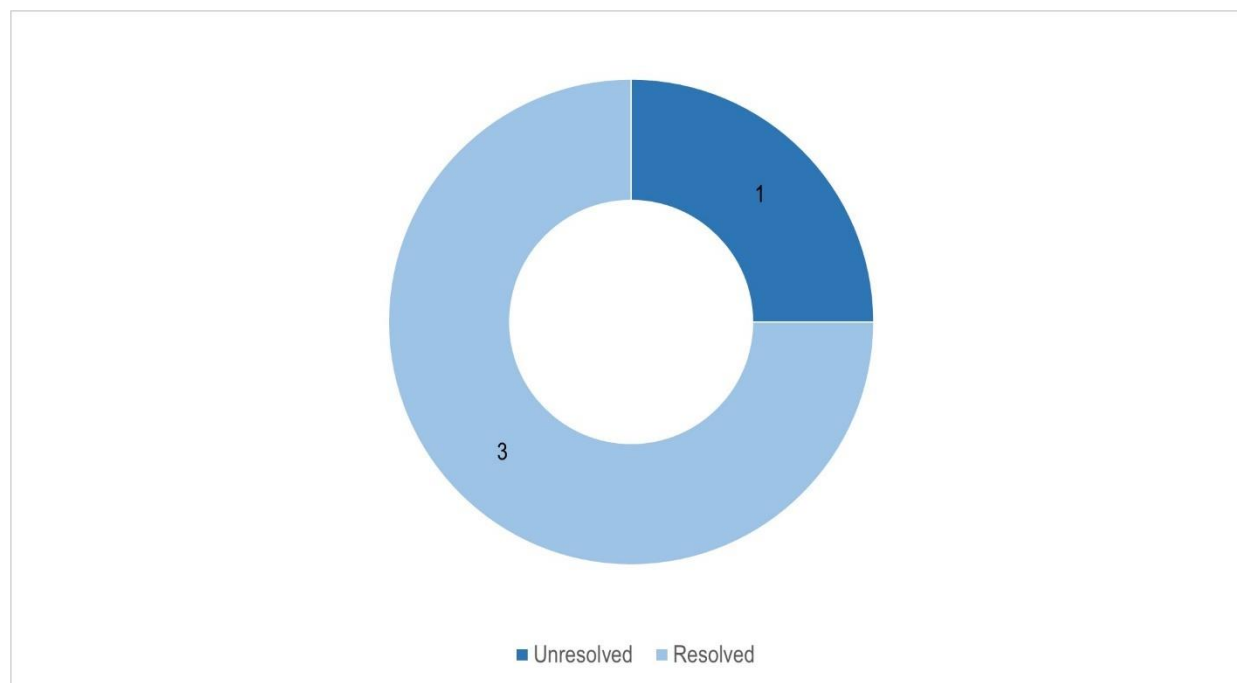
Ireland's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Ireland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Four exchange partners highlighted specific issues with respect to preparation and format of the information sent by Ireland (representing 5% of its partners). These generally related to unknown records, as well as registration and validation errors. More generally, one of Ireland's exchange partners reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Ireland has already addressed three of the issues raised and it has implemented a technical solution to address the remaining one and is planning to resend the information to the exchange partner soon.

Figure 2. Technical issues raised by Ireland's exchange partners



Based on these findings it was concluded that, overall, Ireland is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to sorting, preparing and validating the information before it is sent. Ireland is encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Ireland should continue to work with its exchange partner to address the issue raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Ireland linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Ireland is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Ireland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Ireland. It was noted that Ireland successfully addressed the issue and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Ireland is fully meeting expectations in relation to exchanging the information in a timely manner. Ireland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Ireland's exchange partners did not raise any concerns with respect to Ireland's use of the agreed transmission methods and therefore with Ireland's implementation of this requirement.

Based on these findings it was concluded that Ireland is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Ireland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Ireland. It was noted that Ireland has engaged with its partners and has successfully addressed the issue raised to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Ireland is fully meeting expectations in relation to the receipt of the information. Ireland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Ireland appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Ireland's exchange partners and therefore with respect to Ireland's implementation of these requirements.

Based on these findings it was concluded that Ireland is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Ireland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Hong Kong (China), Qatar and Singapore. Ireland has also activated a relationship under the CRS MCAA with Qatar.

Isle of Man

This report analyses the implementation of the AEOI Standard in the Isle of Man with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Isle of Man's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Isle of Man's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the Isle of Man's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Isle of Man's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). The Isle of Man is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

The Isle of Man commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Isle of Man:

- issued Income Tax (Common Reporting Standard) Regulations in 2015, amended in 2017 and 2019; and
- introduced further guidance, last updated in December 2017, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Isle of Man made various amendments to its legislative framework to address issues identified, the last of which was effective from 21 March 2019.

With respect to the exchange of information under the AEOI Standard, the Isle of Man:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place nine bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the Isle of Man that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Isle of Man requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Isle of Man's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	9 303
Financial Accounts reported in 2021	885 141

Table 2 sets out the number of exchange partners to which information was successfully sent by the Isle of Man in the past few years (including where the necessary frameworks were in place but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Isle of Man's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	64	68	75

In order to provide for the effective implementation of the AEOI Standard, in the Isle of Man:

- the Income Tax Division (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Isle of Man's exchange partners; the Income Tax Division cooperates with the Isle of Man Financial Services Authority (IOMFSA) as the entity that oversees compliance with the AML/CFT and beneficial ownership legislation;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by establishing a dedicated online service, the Information Providers' Online Service, that facilitates reporting and automatically validates the XML file with the CRS Schema and that has been calibrated to reject certain data errors, process the files, preparing the data and encrypting it; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Isle of Man's legal frameworks implementing the AEOI Standard concluded with the determination that the Isle of Man's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Isle of Man's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Isle of Man are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Isle of Man's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Isle of Man has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Isle of Man has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Isle of Man has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Isle of Man has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Isle of Man's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Isle of Man's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Isle of Man and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Isle of Man has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Isle of Man put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Isle of Man's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Isle of Man are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The Isle of Man's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The Isle of Man is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Isle of Man implemented all of the requirements in accordance with expectations. The key findings were as follows:

- The Isle of Man implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as general tax information reporting, public information from Financial Institutions, ownership information from the companies registry and information reported under the AEOI Standard. The Isle of Man's compliance strategy facilitates compliance and incorporates a credible approach to enforcement, based on three steps covering correct identification of (1) Financial Institutions, (2) of reportable persons and (3) accurate reporting. The Isle of Man intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis, in particular as the knowledge of the Financial Institution population improves and further risks are identified.
- The Isle of Man has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as IOMFSA's lists of banking and insurance businesses, lists of investment businesses, collective investment schemes, corporate services and trust services licensees. The Isle of Man is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. The Isle of Man intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Income Tax Division, responsible for implementing the Isle of Man's compliance strategy, appears to have the necessary powers and has allocated resources to discharge its functions. There are established legal channels that allow information disclosure between IOMFSA and the Tax authority that has been used in practice for AEOI Standard information. In addition, a Memorandum of Understanding is being updated to facilitate for greater collaboration on AEOI Standard compliance activities.
- With respect to resourcing, the Isle of Man has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and analysis tools to conduct risk assessments (e.g. IT systems developed in-house to identify anomalies in the data reported by Financial Institutions and allow trend analysis of data). Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements.
- It appears that the Isle of Man effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. The Isle of Man analyses the information reported by Reporting Financial Institutions and received through its compliance returns programme. The Isle of Man has also implemented actions, including desk-based and onsite audits, to ensure self-certifications are obtained as required and to follow up on undocumented accounts. The Isle of Man applies penalties and sanctions for non-compliance as identified from these activities. The Isle of Man has not yet introduced a formal approach to detect and address circumvention of the requirements in its compliance strategy, but has plans to do so as part of its audit program.
- The Isle of Man also reviews dormant accounts, listed as jurisdiction-specific Excluded Accounts, as part of its audit program to ensure they continue to pose a low risk of being used for tax evasion purposes. The Isle of Man does not have a jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Isle of Man has carried out substantial communication and outreach activities, such as establishing an industry working group that has met regularly since 2014, offering periodic seminars and maintaining updated information in the form of Industry Advisory Notes and a guidance note (GN53) on a dedicated website.
Verifying that Financial Institutions are reporting as required	The Isle of Man has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as issuing compliance returns to entities identified as potential Reporting Financial Institutions, as well as to service providers, and identified some Financial Institutions incorrectly not reporting. It has conducted further enquiries and is following up on issues identified with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	The Isle of Man has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate, including conducting enhanced data validation to ensure the information reported is complete (e.g. no blank fields for last name or for residence of entity account holders), developing and analyzing filer profiles for each reporting entity to identify risk and inspecting the information reported. Furthermore, the Isle of Man has conducted some in-depth audits. It accordingly identified many issues, commonly concerning identified reportable accounts for which information was not reported or reported incorrectly. It has followed up on these issues with a view to ensuring future compliance, and Reporting Financial Institutions have already reported corrected information for a significant number of the accounts identified.
Enforcement	Following the activities mentioned above, the Isle of Man has imposed a substantial number of penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by the Isle of Man, the presence of the key data points of the Tax Identification Numbers appeared to be in line with most other jurisdictions. However, while the collection and reporting of dates of birth is generally higher across jurisdictions, the Isle of Man nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Furthermore, information provided by the Isle of Man also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons.

Three exchange partners highlighted issues with respect to the information received, such as incorrect balances and missing accounts. Follow-up discussions confirmed that the Isle of Man is aware of the issue and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from the Isle of Man indicated that they achieved a success rate when matching the information received from the Isle of Man with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. The Isle of Man is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, the Isle of Man implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, the Isle of Man received notifications from one partner and successfully processed the request in a timely manner, engaging with the partner to correctly identify and address the issues raised. It also appears that the Isle of Man will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Isle of Man is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Isle of Man's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The Isle of Man is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted particular issues with respect to preparation and format of the information sent by the Isle of Man. This related to a record validation issue. This exchange partner also reported rejecting more than 25% of the files received due to the technical requirements not being met, although not more than 50%. This is broadly in line with the general experience of other jurisdictions. It was noted that the Isle of Man has already successfully addressed the issue raised.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in relation to sorting, preparing and validating the information. The Isle of Man is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Isle of Man linked to the CTS.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Isle of Man is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the Isle of Man's exchange partners did not raise any concerns with respect to timeliness of the exchanges by the Isle of Man and therefore with respect to the Isle of Man's implementation of this requirement.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in relation exchanging information in a timely manner. The Isle of Man is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Isle of Man's exchange partners did not raise any concerns with respect to the Isle of Man's use of the agreed transmission methods and therefore with the Isle of Man's implementation of this requirement.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Isle of Man is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by the Isle of Man. It was noted that the Isle of Man appears to have successfully addressed the issues.

Based on these findings it was concluded that the Isle of Man is fully meeting expectations in relation to the receipt of the information. The Isle of Man is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Isle of Man appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Isle of Man's exchange partners and therefore with respect to the Isle of Man's implementation of these requirements.

Based on these findings it was concluded that the Isle of Man appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Isle of Man is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Guernsey, Jersey, the Turks and Caicos Islands and the United Kingdom.

Israel

This report analyses the implementation of the AEOI Standard in Israel with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Israel's legal framework implementing the AEOI Standard is not in place in accordance with the requirements of the AEOI Terms of Reference. While Israel's international legal framework to exchange the information with all of Israel's Interested Appropriate Partners (CR2) is consistent with the requirements, the domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has significant deficiencies in areas that are fundamental to the proper functioning of the AEOI Standard. More specifically, the deficiencies relate to the scope of Reporting Financial Institutions, the scope of Financial Accounts, the due diligence procedures to identify Reportable Accounts, and to the enforcement framework.

Overall determination on the legal framework: Not In Place

Effectiveness of AEOI in practice

Israel's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Israel is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Israel committed to commence exchanges under the AEOI Standard in 2018. Due to delays in putting in place the necessary domestic legal framework, Israel commenced exchanges in 2019 and, where possible, also exchanged the information that was due to be exchanged in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Israel:

- amended the Tax Ordinance; and
- issued the Income Tax Regulations (Implementation of the Common Standard on Reporting and Due Diligence for Financial Account information) in 2019.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 April 2019. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual

Accounts by 31 December 2019 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2020.

With respect to the exchange of information under the AEOI Standard, Israel is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2019.

Table 1 sets out the number of Financial Institutions in Israel that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Israel requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Israel's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	292
Financial Accounts reported in 2021	198 925

Table 2 sets out the number of exchange partners to which information was successfully sent by Israel in the past few years (including where the necessary frameworks, containing an obligation on Reporting Financial Institutions to report information were in place but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Israel's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	41	55	61	67

In order to provide for the effective implementation of the AEOI Standard, in Israel:

- the Israel Tax Authority (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Israel's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by a dedicated CRS reporting portal; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Israel's legal frameworks implementing the AEOI Standard concluded with the determination that Israel's domestic legal framework is Not In Place and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Israel's implementation of the AEOI Standard in practice and where particular identified gaps in Israel's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Israel are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Israel's domestic legislative framework is not in place as required as it does not contain several key aspects of the CRS and the Commentary. Significant deficiencies have been identified relating to the scope of Financial Accounts and the due diligence procedures to identify Reportable Accounts (SR 1.2) and the framework to enforce the requirements (SR 1.4). Furthermore, Israel provides for several jurisdiction-specific Non-Reporting Financial Institutions (SR 1.1) that do not meet the requirements of the AEOI Standard.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Israel has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Israel provides for two jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements. The definition of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Israel should amend its domestic legislative framework to remove two entries from its jurisdiction-specific list of categories of Non-Reporting Financial Institutions as they do not meet the requirements. The entries are: i) provident funds; and ii) small financial institutions.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Israel has not defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework in a manner that is consistent with the CRS and its Commentary and has not incorporated the due diligence procedures that must be applied to identify them correctly as significant deficiencies have been identified. More specifically, the exclusion of certain equity and debt interests from the definition of Financial Account is not in accordance with the AEOI Standard. Furthermore, Israel provides for several jurisdiction-specific Excluded Accounts that are not in accordance with the requirements. The scope of Financial Accounts and the due diligence procedures to identify them are material to the proper functioning of the AEOI Standard.

Recommendations:

Israel should amend its domestic legislative framework to include all of the required categories of Equity or debt interest in the definition of Financial Account in accordance with the AEOI Standard.

Israel should amend its domestic legislative framework to define the term Active NFE in accordance with the AEOI Standard.

Israel should amend its domestic legislative framework to remove three entries from its jurisdiction-specific list of categories of Excluded Accounts as they do not meet the requirements. The entries are: i) undefined group of beneficiary accounts; ii) escrow accounts maintained by lawyers, rabbinical pleaders or accountants; and iii) dormant accounts.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Israel has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Israel does not have a legislative framework in place to enforce the requirements in a manner that is consistent with the CRS and its Commentary as significant deficiencies have been identified. More specifically, Israel's legislative framework:

- does not contain rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures as required; and
- does not include rules requiring Reporting Financial Institutions to keep records in accordance with the requirements.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Israel should amend its domestic legislative framework to include rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures.

Israel should amend its domestic legislative framework to require all Reporting Financial Institutions to keep all of the records required to be maintained, rather than relying only on the requirements contained in the AML framework.

Israel should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records for at least five years from the deadline to report the information, in accordance with the AEOI Standard.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Israel's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Israel's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Israel and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Israel has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Israel put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Israel's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Israel are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Israel's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Israel is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Israel should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Israel implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Israel has developed and commenced implementing an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information obtained from questionnaires, risk assessment reports from the Money Laundering Authority and information held by the tax authority. Israel's compliance strategy facilitates compliance and incorporates a credible approach to enforcement and it intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Israel has worked to understand its population of Financial Institutions, including relevant non-regulated entities, through mandatory registration that also covers Non-Reporting Financial Institutions, and imposes an obligation for nil reporting. Israel plans to cross-check this against various relevant information sources, such as domestic reporting records, the Foreign Financial

Institution list for FATCA purposes and information held by Financial Institutions on account holders claiming to be Financial Institutions. Israel is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Israel also plans to keep its understanding of its Financial Institutions' population up to date on a routine basis.

- The institution responsible for implementing Israel's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Israel has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, with further assistance from a legal specialist.
- Israel is carrying out a phased compliance review process beginning with questionnaires, leading to onsite high-level reviews, including of the policies and procedures of Reporting Financial Institutions. It has plans to carry out the advanced phase of this process through audits of underlying documentation, including self-certifications, to verify compliance with the due diligence and reporting procedures. Israel will implement these plans when it completes the development of specific IT systems to facilitate these activities. Overall, they appear to have an effective plan to verify compliance with the requirements, incorporating appropriate compliance activities. However, reference is made to the current lack of a legal basis to require all Reporting Financial Institutions to keep specific records in relation to the AEOI Standard, which may constrain Israel's ability to fully verify compliance.
- Israel is seeking information on undocumented accounts through questionnaires. However, the identification and follow-up of Reporting Financial Institutions that report undocumented accounts cannot be carried out systematically until the information reported can be analysed. There are also no clearly defined procedures in place or effective actions taken to ensure self-certifications are obtained as required. Israel also does not have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries, reflecting its lack of a legal basis to address such circumvention.
- Israel has procedures in place to keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.
- Israel has two categories of Non-Reporting Financial Institutions and three categories of Excluded Accounts that have been recommended to be removed from its jurisdiction-specific lists.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Israel has carried out some communication and outreach activities, such as providing dedicated communication channels for assistance, setting up a portal for information and guidance on the AEOI Standard and working with industry representatives.
Verifying that Financial Institutions are reporting as required	Israel has carried out some activities to ensure that Financial Institutions are reporting as required, particularly reporting on time, and has plans to verify that all Financial Institutions are reporting when required in the near future.
Verifying whether the information reported is complete and accurate	Israel has conducted a significant number of desk-based checks to understand whether the information being reported is complete and accurate, and has plans to expand activities to include direct verification of underlying documentation in the future. Furthermore, Israel has conducted some onsite visits to review policies and procedures, and there are also plans to expand the number and scope of this in the future.

Activity type	Activities undertaken
Enforcement	Following the activities mentioned above, Israel has imposed a substantial number of penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

Israel was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Israel therefore plans to redevelop its systems used for handling this data in order to gain the ability to monitor this information. Israel also plans to collect and monitor information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Feedback from Israel's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Israel. Follow-up discussions confirmed that Israel is aware of these issues and is seeking to improve the situation including by resending files with added TINs for a substantial number of accounts.

Based on these findings it was concluded that Israel is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to its ability to conduct verification and enforcement activities to ensure that the information being reported is complete and accurate and to follow up with Reporting Financial Institutions that report undocumented accounts. Israel should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Israel should fully implement its procedures to identify the population of the Reporting Financial Institutions.

Israel should further develop and implement procedures to verify that Reporting Financial Institutions are effectively implementing the AEOI Standard and are reporting complete and accurate information, including through in-depth reviews and reviewing the records they hold. Reference is made to the recommendations in relation to introducing record-keeping requirements with respect to the AEOI Standard made during the assessment of Israel's legal frameworks for AEOI, which may constrain Israel's ability to verify compliance.

Israel should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it. Reference is made to the recommendation in relation to preventing circumvention made during the assessment of Israel's legal frameworks for AEOI.

Israel should ensure it can analyse the information reported to support an effective compliance strategy, including implementing systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts.

Israel should systematically follow up with Reporting Financial Institutions that report undocumented accounts.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Israel implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Israel has the necessary systems and procedures to process them as required. It also appears that Israel will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Israel is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Israel is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Israel's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Israel is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Israel's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Israel and therefore with respect to Israel's implementation of these requirements. More generally, none of Israel's exchange partners reported rejecting more than 25% of the files received. This is very low when compared to other jurisdictions.

Based on these findings it was concluded that Israel is fully meeting expectations in relation to sorting, preparing and validating the information. Israel is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Israel linked to the CTS.

Based on these findings it was concluded that Israel is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Israel is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Israel's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Israel and therefore with respect to Israel's implementation of this requirement.

Based on these findings it was concluded that Israel is fully meeting expectations in relation to exchanging the information in a timely manner. Israel is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Israel's exchange partners did not raise any concerns with respect to Israel's use of the agreed transmission methods and therefore with Israel's implementation of this requirement.

Based on these findings it was concluded that Israel is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Israel is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Israel's exchange partners did not raise any concerns with respect to Israel's receipt of the information and therefore with Israel's implementation of these requirements.

Based on these findings it was concluded that Israel is fully meeting expectations in relation to the receipt of the information. Israel is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Israel appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Israel's exchange partners and therefore with respect to Israel's implementation of these requirements.

Based on these findings it was concluded that Israel appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Israel is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Italy

This report analyses the implementation of the AEOI Standard in Italy with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Italy's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Italy's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Italy's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Italy's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Italy is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Italy commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Italy:

- enacted the Law of 18 June 2015, n. 95 (*Legge 18 giugno 2015, n. 95*);
- introduced the Ministerial Decree of 28 December 2015 (DM 28-12-2015); and
- issued guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, Italy:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;

- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries¹; and
- has in place two bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Italy that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Italy requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Italy's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	2 237
Financial Accounts reported in 2021	1 636 046

Table 2 sets out the number of exchange partners to which information was successfully sent by Italy in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Italy's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	64	67	71	76

In order to provide for the effective implementation of the AEOI Standard, in Italy:

- the Italian Revenue Agency (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Italy's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the Data Interchange System (IT Acr. SID); and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Italy's legal frameworks implementing the AEOI Standard concluded with the determination that Italy's domestic legal and international frameworks are In Place. This has been taken into account when reviewing the effectiveness of Italy's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Italy are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Italy's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Italy has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Italy has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Italy has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Italy has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Italy's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Italy's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Italy and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Italy has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Italy put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Italy's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Italy are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Italy's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Italy is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Italy implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Italy implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, including information from financial regulators, the profile of the compliance activities carried out for other regulatory purposes and feedback from the business sector. Italy's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Italy intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Italy has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists provided by other regulatory bodies and the Foreign Financial Institution list for FATCA purposes, and requiring nil returns to be filed. It has taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Italy intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Italy's compliance strategy appears to have the necessary powers to discharge its functions. With respect to resourcing, Italy has assigned the equivalent of six full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- Italy has taken action to enforce the requirements, including through the inspection of records of Reporting Financial Institutions through a "Cooperative Compliance Programme" covering the large Financial Institutions that reported over 60% of the Reportable Accounts in Italy, and the number of Reporting Financial Institutions selected for the Programme has increased over time. Penalties and sanctions have not yet been applied for non-compliance identified through the Programme, but Italy confirmed that there is a plan to apply penalties and sanctions following the forthcoming compliance activities.
- Italy appears ready to take effective action to address circumvention of the requirements if such circumvention is detected, to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Italy will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Italy has carried out substantial communication and outreach activities, such as issuing detailed guidance to the Reporting Financial Institutions, initiating awareness programmes, including organizing seminars with the stakeholders.
Verifying that Financial Institutions are reporting as required	Italy has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the list of Financial Institutions for other regulatory purposes, the list of Foreign Financial Institutions for FATCA purposes, and requiring nil returns to be filed. Italy has identified no Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	Italy has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Italy has conducted some onsite visits. It accordingly identified some issues,

Activity type	Activities undertaken
Enforcement	commonly concerning incorrect data reported, and missing information of reportable accounts. It is following up on these issues with a view to ensuring future compliance. Following the activities mentioned above, Italy has not yet imposed penalties and sanctions, but has plans to do so in the near future.

In terms of the Financial Account information collected and sent by Italy, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Information provided by Italy also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that Italy is aware of this issue and is taking steps including audits to relevant Reporting Financial Institutions to address it.

Ten exchange partners highlighted issues with respect to the information received, such as missing Tax Identification Numbers. Follow-up discussions confirmed that Italy is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Italy indicated that they achieved a success rate when matching the information received from Italy with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Italy is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the application of enforcement mechanisms and addressing the issues raised by Italy's exchange partners. Italy is therefore encouraged to continue its implementation process accordingly, including by addressing recommendations made.

Recommendations:

Italy should routinely apply its enforcement mechanisms where non-compliance is identified, including the application of dissuasive penalties and sanctions as appropriate.

Italy should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Italy implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Italy has the necessary systems and procedures to process them as required. It also appears that Italy will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Italy is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Italy is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

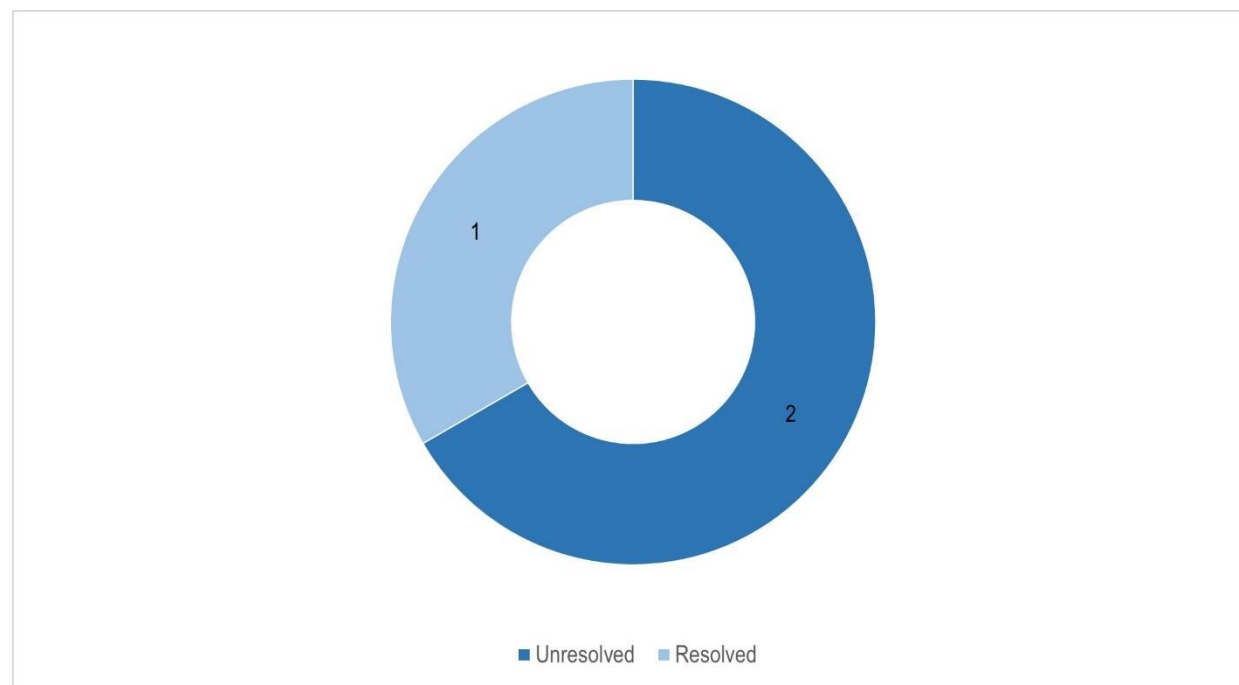
Italy's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Italy is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Italy (representing 4% of its partners). These generally related to file errors. More generally, nine (or 12%) of Italy's exchange partners reported rejecting more than 25% of the files received, of which three reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions, and it has increased over time. It was noted that Italy is still in the process of addressing some of the issues identified, including some that arose some time ago.

Figure 1. Technical issues raised by Italy's exchange partners



Based on these findings it was concluded that, overall, Italy is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to file errors that caused rejections. Italy is therefore encouraged to continue its implementation process accordingly, including in relation to the areas highlighted.

Recommendations:

Italy should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

Italy should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Italy linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Italy is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Italy is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Italy. It was noted that Italy successfully addressed this issue and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Italy is fully meeting expectations in relation to exchanging the information in a timely manner. Italy is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Italy's exchange partners did not raise any concerns with respect to Italy's use of the agreed transmission methods and therefore with Italy's implementation of this requirement.

Based on these findings it was concluded that Italy is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Italy is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Four exchange partners highlighted delays in the sending of status messages by Italy, representing 4% of its partners. It was noted that Italy appears to have successfully addressed the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Italy is fully meeting expectations in relation to the receipt of the information. Italy is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Italy appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Italy's exchange partners and therefore with respect to Italy's implementation of these requirements.

Based on these findings it was concluded that Italy appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Italy is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² Hong Kong (China) and Singapore. Italy has also activated a relationship under the CRS MCAA with Singapore.

Japan

This report analyses the implementation of the AEOI Standard in Japan with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Japan's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Japan's international legal framework to exchange the information with all of Japan's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, Japan's legislative framework is deficient as far as the definition and identification process for Controlling Persons is concerned.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Japan's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Japan is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Japan commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Japan:

- enacted the Act on Special Provisions of the Income Tax Act, the Corporation Tax Act and the Local Tax Act Incidental to Enforcement of Tax Treaties (CRS Act), as amended;
- introduced the Order for the Enforcement of the Act on Special Provisions of the Income Tax Act, the Corporation Tax Act and the Local Tax Act Incidental to Enforcement of Tax Treaties (CRS Order), as amended;
- introduced the Ordinance for the Enforcement of the Act on Special Provisions of the Income Tax Act, the Corporation Tax Act and the Local Tax Act Incidental to Enforcement of Tax Treaties (CRS Ordinance), as amended; and
- made reference to the Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds as well as the Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal

Proceeds for the purposes of implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Japan amended its legislative framework to address issues identified, effective from 1 April 2020.

With respect to the exchange of information under the AEOI Standard, Japan:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place two bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in Japan that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Japan requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Japan's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	595
Financial Accounts reported in 2021	688 425

Table 2 sets out the number of exchange partners to which information was successfully sent by Japan in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Japan's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	55	67	70	75

In order to provide for the effective implementation of the AEOI Standard, in Japan:

- the National Tax Agency (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Japan's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the National Tax Agency, which ensure the validation of

the data reported by Financial Institutions before it is exchanged with Japan's exchange partners; and

- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Japan's legal frameworks implementing the AEOI Standard concluded with the determination that Japan's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Japan's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Japan are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Japan's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2). More specifically, Japan's legislative framework does not fully incorporate the definitions and processes related to the identification of Controlling Persons of trusts and similar legal arrangements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Japan has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Japan has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Japan's legislative framework does not fully incorporate the definition of Controlling Persons as required and does not fully incorporate the due diligence procedures to identify Controlling Persons. The definition and identification of Controlling Persons is material to the proper functioning of the AEOI Standard.

Recommendations:

Japan should amend its domestic legislative framework to require Reporting Financial Institutions to always identify and determine the reportable status of the Controlling Persons of trusts and similar legal arrangements in accordance with the AEOI Standard.

Japan should amend its domestic legislative framework to fully incorporate the definition of Controlling Persons in accordance with the AEOI Standard by including all natural persons required to be identified with respect to trusts and similar legal arrangements.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Japan has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Japan has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Japan's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Japan's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Japan and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Japan has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Japan put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Japan's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Japan would like to extend its sincere appreciation to the assessment team for their dedicated work and professionalism throughout the peer review process. Japan will work on the implementation of the recommendations indicated in the report taking account of further contributions toward enhancing international tax transparency.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Japan are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Japan's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Japan is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. The key findings were as follows:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Japan implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Japan implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the analysis of the data submitted by Reporting Financial Institutions, information on compliance with other reporting requirements, feedback from exchange partners and a voluntary self-checklist submitted by Financial Institutions. Japan's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Japan intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Japan has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Financial Services Agency lists of regulated entities, the Foreign Financial Institution list for FATCA purposes and information on payment records to non-residents from third-party reporting regimes. Japan has taken action to ensure that Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Japan intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Japan's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Japan has assigned the equivalent of nine full time staff for compliance activities, out of which five are assigned to communication, education, verification and enforcement activities, and the other four are assigned to data analysis and other IT activities in support of the compliance activities. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Japan effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and that Japan will apply dissuasive penalties and

sanctions for non-compliance as appropriate. Japan has conducted compliance activities, such as desk-based reviews to verify whether the information being reported is complete and accurate and has also conducted a significant number of onsite visits. It also appears that Japan is ready to take effective action to address circumvention of the requirements if such circumvention is detected, is carrying out measures to ensure self-certifications are obtained as required, and is taking follow-up action on undocumented accounts.

- Japan will also keep its jurisdiction-specific list of Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes (it does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Japan has carried out substantial communication and outreach activities, such as educational and information meetings with the relevant financial associations and other stakeholders, providing telephone consultations to Financial Institutions and maintaining relevant information and guidance on the tax authority's homepage.
Verifying that Financial Institutions are reporting as required	Japan has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the list of entities regulated by the Financial Services Authority, the Foreign Financial Institution list for FATCA purposes and the data provided by related industrial associations to establish the population of Financial Institutions subject to reporting requirements. As a result of the verification activities, Japan identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance, including through conducting follow-up phone calls when Reporting Financial Institutions submitted data in a particular year but did not do so in the subsequent year.
Verifying whether the information reported is complete and accurate	Japan has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Japan has conducted a significant number of onsite visits. It accordingly identified a number of issues, commonly concerning failures to report due to incorrect data input by Reporting Financial Institutions and failure to require customers to provide Tax Identification Numbers in self-certifications. Japan has followed up on all of these issues which have now been rectified.
Enforcement	Following the activities mentioned above, Japan has not yet imposed penalties and sanctions as there have been no cases where a Financial Institution did not comply with the order for correction, but it has plans to do so when appropriate.

In terms of the Financial Account information collected and sent by Japan, the collection and reporting of dates of birth was found to be in line with most other jurisdictions. However, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions (it should be noted that Japan excludes clearly wrong Tax Identification Numbers for purposes of calculating such proportion). These are key data points for exchange partners to effectively utilise the information. Information provided by Japan also showed a significantly higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced over time. Follow-up discussions confirmed that Japan is aware of these issues and is taking steps to address them.

Feedback from Japan's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Japan. Japan noted that one of the reasons behind the low matching rates is likely related to language differences, in particular the differences between Latin and Japanese alphabet characters. Follow-up discussions confirmed that Japan is aware of these issues and is currently considering an approach that would help to improve the situation.

Furthermore, 20 (or 22%) of Japan's exchange partners highlighted issues with respect to the information received, such as invalid Tax Identification Numbers, missing dates of birth, the use of the letter combination "NFN" instead of first names or issues with addresses. Japan has already managed to resolve some of the specific issues reported and is seeking to improve the situation more generally.

Based on these findings it was concluded that, overall, Japan is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the completeness of data that is being exchanged with its partners, including through ensuring that Tax Identification Numbers and dates of birth are always reported when required. Japan is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Japan should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Japan implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Japan received a notification from one partner and successfully processed it in a timely manner, resolving the issues raised. It also appears that Japan will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Japan is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Japan is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Japan's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Japan is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted particular issues with respect to IBAN codes sent by Japan, which was in a non-compliant data format. Only one of Japan's exchange partners reported rejecting more than 25% of the files received, but less than 50%, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that all of the issues have since been resolved.

Based on these findings it was concluded that Japan is fully meeting expectations in relation to sorting, preparing and validating the information. Japan is therefore encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Japan linked to the CTS.

Based on these findings it was concluded that Japan is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Japan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Two exchange partners highlighted delays in the sending of information by Japan (representing 3% of its partners).

Based on these findings it was concluded that Japan is fully meeting expectations in relation to exchanging the information in a timely manner. Japan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Japan's exchange partners did not raise any concerns with respect to Japan's use of the agreed transmission methods and therefore with Japan's implementation of this requirement.

Based on these findings it was concluded that Japan is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Japan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Japan's exchange partners did not raise any concerns with respect to Japan's receipt of the information and therefore with Japan's implementation of these requirements.

Based on these findings it was concluded that Japan is fully meeting expectations in relation to the receipt of the information. Japan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Japan appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Japan's exchange partners and therefore with respect to Japan's implementation of these requirements.

Based on these findings it was concluded that Japan is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Japan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Hong Kong (China) and Singapore. Japan has also activated a relationship under the CRS MCAA with Singapore.

Jersey

This report analyses the implementation of the AEOI Standard in Jersey with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Jersey's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Jersey's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Jersey's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Jersey's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Jersey is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Jersey commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Jersey:

- relies on the Taxation (Implementation) (Jersey) Law 2004;
- introduced the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations in 2015; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Jersey made various amendments to its legislative framework to address issues identified, the last of which was effective from 17 October 2017.

With respect to the exchange of information under the AEOI Standard, Jersey:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Jersey that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Jersey requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Jersey's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	14 364
Financial Accounts reported in 2021	858 388

Table 2 sets out the number of exchange partners to which information was successfully sent by Jersey in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Jersey's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	58	65	69	73

In order to provide for the effective implementation of the AEOI Standard, in Jersey:

- Revenue Jersey (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Jersey's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by asking Reporting Financial Institutions to register and report information through a dedicated portal and validating reported information against the CRS Schema; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Jersey's legal frameworks implementing the AEOI Standard concluded with the determination that Jersey's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Jersey's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Jersey are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Jersey's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Jersey has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Jersey has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Jersey has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Jersey has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Jersey's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Jersey's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Jersey and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Jersey has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Jersey put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Jersey's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Jersey are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Jersey's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Jersey is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Jersey implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Jersey implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information from regulators on potential risks in relation to the Financial Institutions, the stratification of service providers, analysis of the reported information and other available intelligence. Jersey has also regularly reviewed and updated its risk assessment. Jersey's compliance strategy follows a Promote, Prevent and Respond model that includes designing a tax system that is easy to comply with, engagement with industry and enforcement that seems to facilitate compliance and incorporates a credible approach to enforcement. Jersey intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Jersey has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of regulated entities, the Foreign Financial Institutions list for FATCA purposes, other reported tax information, intelligence received from other government departments, engagement with service providers and input from exchange partners. Jersey is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Jersey intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Exchange of Information Unit of the International Tax Division in Revenue Jersey, responsible for implementing Jersey's compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Jersey has assigned the equivalent of six full time staff to monitor and ensure compliance by Reporting Financial Institutions, reporting to an assistant comptroller for international tax. The team is continuously trained and has access to IT systems and tools to conduct risk assessments (e.g. the AEOI returns and a system to manage data received). While not in charge of the implementation of the AEOI Standard, the Jersey Financial Services Commission (JFSC), the financial regulator in charge of enforcing AML regulation, contributes to the overall compliance strategy and the tax administration has in place mechanisms for exchange of information with the regulator. Overall, Jersey appears to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Jersey effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Jersey is ready to take effective action to address circumvention of the requirements if such circumvention is detected. Effective action is taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Jersey does not have jurisdiction-specific lists of Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Jersey has carried out substantial communication and outreach activities, such as maintaining updated guidance information on a dedicated webpage, educational activities and industry consultation.
Verifying that Financial Institutions are reporting as required	Jersey has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as contacting identified regulated entities and service providers (in charge of reporting in name of the Reporting Financial Institutions they administer) that did

Activity type	Activities undertaken
	not report information and requesting documented explanations for their classification under the AEOI Standard. From these substantial verification activities, Jersey identified many Financial Institutions incorrectly not reporting that subsequently submitted the required reports. Jersey has and continues to follow up on these issues with compliance interventions to verify the reasons for not reporting, with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Jersey has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Jersey has also conducted a significant number of in-depth audits. It accordingly identified a range of issues, commonly concerning failure to report reportable accounts, deficiencies in due diligence procedures and controls and reporting of incorrect information. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Jersey has imposed a substantial number of penalties and sanctions. It has plans to continue to monitor the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Jersey, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Two exchange partners highlighted issues with respect to the information received concerning abnormal balance variance, including one from the initial year of reporting that was addressed at the time. Follow-up discussions confirmed that Jersey is aware of these issues, identified them as relatively minor errors and resolved them either before or shortly after the partner notified Jersey. More generally, many of the exchange partners that received a significant number of records from Jersey indicated that they achieved a success rate when matching the information received from Jersey with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Jersey is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Jersey is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Jersey implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Jersey has the necessary systems and procedures to process them as required. It also appears that Jersey will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Jersey is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Jersey is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

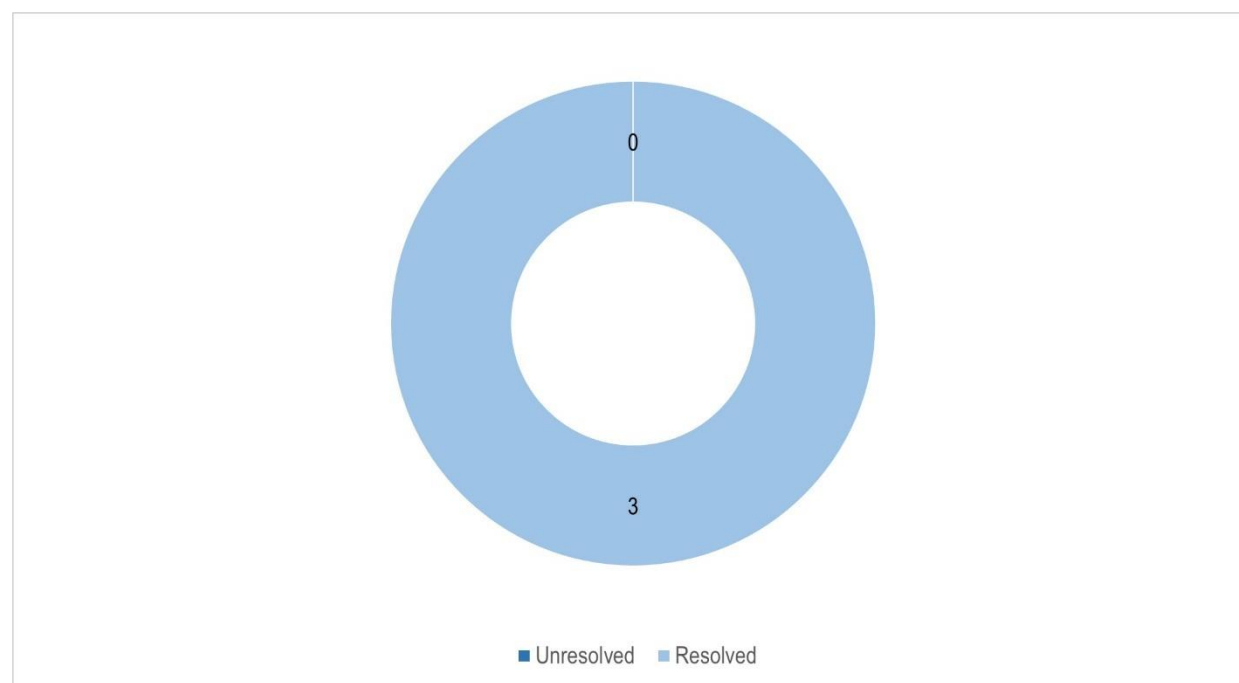
Jersey's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Jersey is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Jersey (representing 4% of its partners). These generally related to file and record errors. More generally, four (or 5%) of Jersey's exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that Jersey has addressed all of the issues, including by reviewing its system to prepare the files for exchange.

Figure 1. Technical issues raised by Jersey's exchange partners



Based on these findings it was concluded that Jersey is fully meeting expectations in relation to sorting, preparing and validating the information. Jersey is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Jersey linked to the CTS.

Based on these findings it was concluded that Jersey is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Jersey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Jersey's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Jersey and therefore with respect to Jersey's implementation of this requirement.

Based on these findings it was concluded that Jersey is fully meeting expectations in relation to exchanging information in a timely manner. Jersey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Jersey's exchange partners did not raise any concerns with respect to Jersey's use of the agreed transmission methods and therefore with Jersey's implementation of this requirement.

Based on these findings it was concluded that Jersey is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Jersey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Jersey. It was noted that Jersey appears to be successfully addressing the issue to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Jersey is fully meeting expectations in relation to the receipt of the information. Jersey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Jersey appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Jersey's exchange partners and therefore with respect to Jersey's implementation of these requirements.

Based on these findings it was concluded that Jersey appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Jersey is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by the United Kingdom.

² With Guernsey, the Isle of Man and the United Kingdom.

Korea

This report analyses the implementation of the AEOI Standard in Korea with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Korea's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Korea's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Korea's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Korea's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Korea is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Korea commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Korea:

- enacted Paragraphs 3~11 of Art. 31 of the Law for the Coordination of International Tax Affairs;
- introduced regulation number 47 "Enforcement degree of the Act on reporting and Using Specified Financial Transaction Information"; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and on Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Korea amended its legislative framework to address issues identified, effective from 31 May 2019.

With respect to the exchange of information under the AEOI Standard, Korea:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place three bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in Korea that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Korea requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Korea's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 778
Financial Accounts reported in 2021	1 094 114

Table 2 sets out the number of exchange partners to which information was successfully sent by Korea in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Korea's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	59	67	70	74

In order to provide for the effective implementation of the AEOI Standard, in Korea:

- the Korea National Tax Service (KNTS) (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Korea's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with the AXIS reporting system for Reporting Financial Institutions; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Korea's legal frameworks implementing the AEOI Standard concluded with the determination that Korea's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Korea's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Korea are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Korea's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Korea has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Korea has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Korea has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Korea has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Korea's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Korea's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Korea and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Korea has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Korea put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Korea's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Korea are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Korea's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Korea is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that all Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Korea implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Korea implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information obtained from the financial supervisory authority and from its New Tax Integrated System. Korea's compliance strategy facilitates compliance and appears to incorporate a credible approach to enforcement. Korea intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Korea has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as information from the AML regulator and the Foreign Financial Institution list for FATCA purposes, and through the introduction of a nil reporting requirement. Korea is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Korea intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Korea's compliance strategy appears to have the necessary powers to discharge its functions, although the adequacy of its resourcing is unclear, particularly in light of the issues identified. With respect to resourcing, Korea has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments, such as the AXIS reporting system and tools to cross-check the reports with other domestically reported information.
- Korea has carried out substantial activities to verify that the information reported by its Reporting Financial Institutions is complete and accurate, including through the inspection of records. These activities appear to be effective at identifying non-compliance by Korean Reporting Financial Institutions, including a significant number of errors in the due diligence and reporting. This includes a significant proportion of accounts reported with errors, the reporting of incorrect Tax Identification Numbers and dates of birth, and failures by Reporting Financial Institutions to obtain addresses and valid self-certifications when required, including upon account opening. Overall, Korea has implemented a plan that includes communications, outreach and verification activities to ensure that Financial Institution procedures and reported information are corrected and this appears to have resulted in improvements over time.
- Where non-compliance has been identified, enforcement activities are not yet routinely applied, which could impede the effectiveness of Korea's enforcement mechanism. However, it does appear that Korea is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to follow up on undocumented accounts. Korea will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Korea has carried out substantial communication and outreach activities, such as creating materials including videos to educate Reporting Financial Institutions on their due diligence and reporting obligations and establishing close partnerships with certain Financial Institutions.
Verifying that Financial Institutions are reporting as required	Korea has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as contacting all Korean FFIs which register on the FATCA FFI list and reviewing national

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	lists of financial institutions subject to regulatory supervision. Korea identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance. Korea has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Korea has conducted some onsite visits. It accordingly identified many issues, commonly concerning failures to obtain self-certifications when required, and incorrect reporting of Tax Identification Numbers and dates of birth. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Korea has not yet imposed penalties and sanctions, but has plans to do so where necessary. It will monitor the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Korea, while the presence of the key data point of dates of birth appeared to be in line with most other jurisdictions, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Information provided by Korea also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced over time. Follow-up discussions confirmed that Korea is aware of these issues and is taking steps to address them.

Feedback from Korea's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from Korea. Furthermore, three exchange partners highlighted issues with respect to the information received, such as a high proportion of accounts with no first names, and a very high proportion of accounts that do not have valid Tax Identification Numbers and that cannot be matched. Follow-up discussions confirmed that Korea is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Korea is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to ensuring that valid self-certifications and key data points for exchange partners are always obtained when required. Korea is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Korea should continue to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Korea should implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified.

Korea should ensure that it allocates adequate resources to carry out its compliance strategy.

Korea should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Korea implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Korea has the necessary systems and procedures to process them as required. Korea also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Korea is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Korea is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Korea's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Korea is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted a particular issue with respect to preparation and format of the information sent by Korea. This concerned the CRS XML Schema validation requirements. More generally, one of Korea's exchange partners reported rejecting more than 25%, although not more than 50%, of the files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Korea has already successfully addressed the issue.

Based on these findings it was concluded that Korea is fully meeting expectations in relation to sorting, preparing and validating the information. Korea is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Korea linked to the CTS.

Based on these findings it was concluded that Korea is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Korea is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Korea's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Korea and therefore with respect to Korea's implementation of this requirement.

Based on these findings it was concluded that Korea is fully meeting expectations in relation to exchanging the information in a timely manner. Korea is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Korea's exchange partners did not raise any concerns with respect to Korea's use of the agreed transmission methods and therefore with Korea's implementation of this requirement.

Based on these findings it was concluded that Korea is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Korea is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Korea's exchange partners did not raise any concerns with respect to Korea's receipt of the information and therefore with Korea's implementation of these requirements.

Based on these findings it was concluded that Korea is fully meeting expectations in relation to the receipt of the information. Korea is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Korea appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Korea's exchange partners and therefore with respect to Korea's implementation of these requirements.

Based on these findings it was concluded that Korea appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Korea is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Hong Kong (China), Qatar and Singapore. Korea has also activated relationships under the CRS MCAA with Qatar and Singapore.

Kuwait

This report analyses the implementation of the AEOI Standard in Kuwait with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Kuwait's legal framework implementing the AEOI Standard is not in place in accordance with the requirements of the AEOI Terms of Reference. While Kuwait's international legal framework to exchange the information with all of Kuwait's Interested Appropriate Partners (CR2) is consistent with the requirements, the domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has significant deficiencies in areas that are fundamental to the proper functioning of the AEOI Standard. More specifically, deficiencies have been identified in Kuwait's enforcement framework.

Overall determination on the legal framework: Not In Place

General context

Kuwait commenced exchanges under the AEOI Standard in 2019, when it exchanged information relating to both 2017 and 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Kuwait issued Ministerial Decision No. (36) for the year 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 April 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Kuwait is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2019.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Kuwait are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Kuwait's domestic legislative framework is not in place as required as it does not contain several key aspects of the CRS and the Commentary. Significant deficiencies have been identified in relation to the framework to enforce the requirements (SR 1.4). Most significantly, Kuwait's domestic legislative framework does not provide relevant authorities access to records kept by Financial Institutions, does not incorporate a framework for enforcement to address non-compliance, and does not include strong measures to ensure that valid self-certifications are always obtained for New Accounts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Kuwait has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Kuwait has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Kuwait has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Kuwait does not have a legislative framework in place to enforce the requirements in a manner that is consistent with the CRS and its Commentary as significant deficiencies have been identified. More specifically, Kuwait's legislative framework:

- does not include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification;

- does not provide the relevant authorities with the power to access the records held by Reporting Financial Institutions in relation to the due diligence procedures applied;
- does not provide for sanctions on Reporting Financial Institutions for failing to carry out the due diligence procedures; and
- does not incorporate measures to ensure that self-certifications are always obtained and validated for New Accounts as is required.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Kuwait should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Kuwait should amend its domestic legislative framework to provide the appropriate authorities with access to the records required to be kept by Reporting Financial Institutions.

Kuwait should amend its domestic legislative framework to include sanctions for failure to comply with the due diligence and reporting procedures.

Kuwait should amend its domestic legislative framework to include strong measures to ensure that valid self-certifications are always obtained for New Accounts in accordance with the requirements.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Kuwait's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Kuwait's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Kuwait and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Kuwait has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Kuwait put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Kuwait's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Latvia

This report analyses the implementation of the AEOI Standard in Latvia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Latvia's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Latvia's international legal framework to exchange the information with all of Latvia's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, deficiencies have been identified in Latvia's enforcement framework.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Latvia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Latvia is encouraged to continue its implementation process, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Latvia commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Latvia:

- amended the Law "On Taxes and Duties"; and
- introduced Regulation No. 20 "Procedures by which a Financial Institution Implements the Due Diligence Procedures for Financial Accounts and Provides Financial Accounts Information to the State Revenue Service".

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Latvia made amendments to its legislative framework to address issues identified, the last of which was effective from 19 March 2020.

With respect to the exchange of information under the AEOI Standard, Latvia:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Union Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation, as amended by Directive 2014/107/EU;
- has in place agreements with five European third countries¹; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Latvia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Latvia requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Latvia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	26
Financial Accounts reported in 2021	186 559

Table 2 sets out the number of exchange partners to which information was successfully sent by Latvia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Latvia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	55	66	69	75

In order to provide for the effective implementation of the AEOI Standard, in Latvia:

- the State Revenue Service (SRS, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Latvia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the SRS, which are used to verify, sort and disseminate the data to Latvia's exchange partners; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Latvia's legal frameworks implementing the AEOI Standard concluded with the determination that Latvia's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Latvia's implementation of the AEOI Standard in practice and where particular identified gaps in Latvia's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Latvia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Latvia's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions (SR 1.1) and the framework to enforce the requirements (SR 1.4). Most significantly, Latvia's domestic legislative framework does not incorporate sanctions on Account Holders and Controlling Persons for the provision of false self-certifications and does not include strong measures to ensure that valid self-certifications are obtained for New Accounts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Latvia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, the definition of Investment Entity and the definition of the term "managed by" are not in accordance with the requirements. The scope of Reporting Financial Institutions is material to the proper functioning of the AEOI Standard.

Recommendations:

Latvia should amend its domestic legislative framework to include the definition of "managed by" in relation to the definition of Investment Entity.

Latvia should amend its domestic legislative framework to require the term Investment Entity to be interpreted consistently with similar language defining "financial institution" in the Financial Action Task Force Recommendations.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Latvia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Latvia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Latvia has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Latvia's legislative framework:

- does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification; and
- does not incorporate measures to ensure that self-certifications are always obtained and validated for New Accounts as is required.

The deficiencies relate to key elements of the AEOI Standard and are therefore material to its proper functioning.

Recommendations:

Latvia should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Latvia should amend its domestic legislative framework to include strong measures to ensure that valid self-certifications are always obtained for New Accounts in accordance with the requirements.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Latvia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Latvia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Latvia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Latvia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Latvia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Latvia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

In general, Latvia agrees with the findings of this report as they comply with the findings of the Checklist "Assessment of the domestic legislative framework implementing the AEOI Standard". However, we are in a position that our legislation provides the sanctions on Account Holders and Controlling Persons for the provision of false self-certification. These sanctions are a part of the Latvian anti-money laundering legislation, and we believe they are also applicable for the AEOI Standard. When addressing the recommendation put in the Checklist and this report, we will carry out consultations with the responsible institutions, providing a more detailed analysis on this issue and finding the optimal solution compatible with our legal system.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Latvia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Latvia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and

collaborating with exchange partners to ensure effectiveness (SR 1.6). Latvia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Latvia implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Latvia has begun implementing a strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information published by the Latvian Financial and Capital Market Commission and the MONEYVAL report on Latvia. Communication activities with relevant stakeholders were carried out and a questionnaire was circulated to Financial Institutions to understand how legislation in relation to the AEOI Standard and relevant guidelines are being applied. Latvia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Latvia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources. This includes a list of regulated entities conducting financial services maintained by the Finance Latvia Association and the Financial and Capital Market Commission information, the Foreign Financial Institution list for FATCA purposes and the list of entities with relevant NACE 2 codes (NACE is the industry standard classification system used in the European Union). Latvia is also taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules

and reporting information as required. It intends to keep its understanding of its Financial Institution population up to date on a routine basis.

- The institution responsible for implementing Latvia's compliance strategy appears to have the necessary powers to discharge its functions. With respect to resourcing, Latvia has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. As the audit programme is implemented, the possibility to assign additional staff will be further considered. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- Latvia reviews and analyses the information reported by Reporting Financial Institutions under the AEOI Standard at the end of each reporting cycle. This informs the implementation of a risk-based approach based on the overall quality of the data and taking into account fluctuations in the data.
- While no dissuasive penalties and sanctions for non-compliance have yet been applied, it appears that Latvia effectively verifies and enforces the requirements, including through the inspection of records of Reporting Financial Institutions. It also appears Latvia is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- It appears that Latvia has taken effective action to identify undocumented accounts and to follow up with Reporting Financial Institutions that report them. Latvia has also implemented active monitoring and verification activities to ensure self-certifications are obtained as required. Latvia will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Latvia has carried out some communication and outreach activities, such as publishing guidelines for Financial Institutions on the AEOI Standard, which are available on the website of the State Revenue Service.
Verifying that Financial Institutions are reporting as required	Latvia has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking different relevant lists and circulating a questionnaire to understand if requirements are being applied correctly. It identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Latvia has conducted some desk-based audits to verify whether the information being reported is complete and accurate. Furthermore, Latvia has conducted one onsite visit. It accordingly identified some issues, commonly concerning misinterpretation of the requirements and omissions. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Latvia has not yet imposed penalties and sanctions, but has plans to do so in the near future.

With respect to the Financial Account information collected and sent by Latvia, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

One exchange partner reported issues with respect to the information received in relation to the correctness of the Tax Identification Numbers. More generally, many of the exchange partners that received a significant number of records from Latvia indicated that they achieved a success rate when

matching the information received from Latvia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Latvia is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Latvia is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Latvia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Latvia has the necessary systems and procedures to process them as required. It also appears that Latvia will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Latvia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Latvia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Latvia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Latvia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Latvia's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Latvia and therefore with respect to Latvia's implementation of these requirements. Two (or 3%) of Latvia's exchange partners reported rejecting more than 25% of files received, due to the technical requirements not being met, of which none reported rejecting more than 50% of files. This is broadly in line with the general experience of other jurisdictions. It was noted that Latvia is in the process of addressing the issues.

Based on these findings it was concluded that, overall, Latvia is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to file rejections. Latvia is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Latvia should continue to engage with its partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Latvia linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Latvia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Latvia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Latvia's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Latvia and therefore with respect to Latvia's implementation of this requirement.

Based on these findings it was concluded that Latvia is fully meeting expectations in relation to exchanging the information in a timely manner. Latvia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Latvia's exchange partners did not raise any concerns with respect to Latvia use of the agreed transmission methods and therefore with Latvia's implementation of this requirement.

Based on these findings it was concluded that Latvia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Latvia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

19 exchange partners highlighted delays in the sending of status messages by Latvia, representing 18% of its partners. This represents a relatively high proportion of partners and has not improved over time. It was noted that Latvia is engaging with its partners to ensure that status messages are sent in accordance with the requirements and most of these issues have already been resolved.

Based on these findings it was concluded that, overall, Latvia is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the timeliness of status messages. Latvia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Latvia should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended, or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Latvia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Latvia's exchange partners and therefore with respect to Latvia's implementation of these requirements.

Based on these findings it was concluded that Latvia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended, or additional information. Latvia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Qatar, Singapore and Türkiye. Latvia has also activated relationships under the CRS MCAA with Qatar and Türkiye.

Lebanon

This report analyses the implementation of the AEOI Standard in Lebanon with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Lebanon's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Lebanon's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Lebanon's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Lebanon's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Lebanon is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Lebanon commenced exchanges under the AEOI Standard in 2018 on a non-reciprocal basis (i.e. Lebanon sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Lebanon:

- enacted Law 55 of 27 October 2016; and
- introduced Decree 1022 of 7 July 2017, Central Bank Decision 12625 of 21 July 2017 and the Decision of the Minister of Finance 1248 of 6 December 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Lebanon is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Lebanon that reported information on Financial Accounts in 2020 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2020. In this regard, it should be noted that Lebanon requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Lebanon's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2020	83
Financial Accounts reported in 2020	313 207

Table 2 sets out the number of exchange partners to which information was successfully sent by Lebanon in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Lebanon's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	27	59	50	60

In order to provide for the effective implementation of the AEOI Standard, in Lebanon:

- the Special Investigation Commission (SIC) and the Insurance Control Commission (ICC) (the authorities responsible for AML supervision in relation to banking and insurance, respectively) are the principal authorities responsible to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions;
- the Revenue Directorate the Ministry of Finance (the tax authority) has the responsibility of exchanging the information with Lebanon's exchange partners and has complementary responsibilities in ensuring the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions including with respect to engaging with partners internationally;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the Ministry of Finance; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Lebanon's legal frameworks implementing the AEOI Standard concluded with the determination that Lebanon's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Lebanon's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Lebanon are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Lebanon's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Lebanon has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Lebanon has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Lebanon has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Lebanon has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Lebanon's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Lebanon's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Lebanon and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Lebanon has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Lebanon put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Lebanon's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Lebanon are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Lebanon's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Lebanon is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Lebanon implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- The responsibility to ensure that Reporting Financial Institutions effectively implement the requirements is split between the SIC, the ICC and the tax authority. In this regard, the SIC oversees Reporting Financial Institutions responsible for the vast majority (around 70%) of the AEOI reporting (i.e. banks and certain other Financial Institutions) and has carried out a substantial level of activities. Reporting Financial Institutions forming part of the Insurance sector (around 18%) are supervised by the ICC and the others are overseen by the tax authority. The ICC and the tax authority have also undertaken a number of activities to ensure that Reporting Financial Institutions falling under their supervision are complying with the requirements of the AEOI Standard. There is not yet a formal overarching framework in place to ensure that the strategy and verification activities are coordinated between the three institutions and to ensure that the activities of the ICC are informed by an analysis of the information reported, although a protocol is being developed.
- The SIC and the tax authority conduct sectoral risk assessments to underpin their frameworks to ensure compliance with the AEOI Standard, based on relevant information sources, such as the profile of the financial sector, an analysis of the reports submitted by Financial Institutions, compliance histories as regards their other obligations towards the tax authority and findings from AML/CFT Reports. The SIC has also carried out a jurisdiction-wide risk assessment to inform an overarching compliance strategy. With respect to the ICC, it is carrying out an initial assessment based on additional reporting requirements on relevant insurance companies. Lebanon intends to keep its risk assessment up to date on an ongoing basis.
- Lebanon has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as lists of regulated entities, the list of entities conducting financial activities registered for taxation purposes and the Foreign Financial Institution list for FATCA purposes. Lebanon is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required. Lebanon also requires Reporting Financial Institutions to register on its dedicated portal and to submit a nil report in case no reportable accounts are identified. Lebanon intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The relevant institutions in Lebanon appear to have the necessary powers and resources to discharge their functions. There are 18 full time equivalent staff (also with access to other specialists) in the SIC's AML/CFT Compliance Unit. In the tax authority, which is in the process of restructuring its International Tax Relations, there are 4 full time equivalent staff working on exchange of information and 15 tax controllers currently involved in the reviews of reporting Financial Institutions. There are also two full time equivalent staff in the ICC, along with one IT support staff, assigned to these activities.
- The SIC has conducted a significant number of verification and compliance activities to ensure that the information being reported is complete and accurate. This includes onsite visits, including the inspection of records of Reporting Financial Institutions kept for AEOI purposes, ensuring self-certifications are being collected as required and following up on undocumented accounts. Dissuasive penalties and sanctions have also been applied by the SIC for non-compliance. The SIC, the ICC and the tax authority are ready to take effective action to address circumvention of the requirements if such circumvention is detected. The tax authority and the ICC have also commenced compliance activities and have carried out some compliance checks including both desk audits and onsite visits. However, there seem to be no formal procedures as regards to the verification of self-certifications and following up on undocumented accounts. Sanctions have also been applied by the tax authority, although not the ICC.
- It is noted that Lebanon does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Lebanon has carried out some communication and outreach activities, such as providing technical assistance to Financial Institutions and organising conferences.
Verifying that Financial Institutions are reporting as required	Lebanon has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as comparing the list of Reporting Financial Institutions with the list of entities registered with other regulatory bodies and identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Lebanon has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate and the SIC has conducted in-depth audits and onsite visits. It accordingly identified various issues, commonly concerning accounts wrongly classified as undocumented accounts and non-collection of self-certification forms by Financial Institutions and has followed up on them to ensure future compliance. The tax authority and the ICC have also started some onsite visits.
Enforcement	Following the activities mentioned above, the SIC and the tax authority has imposed penalties and sanctions with a view to ensuring future compliance. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Lebanon, the presence of the key data point of dates of birth appeared to be in line with most other jurisdictions. It was, however, found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information.

Lebanon was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Feedback was also received from Lebanon's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively lower level of success when seeking to match information received from Lebanon with their taxpayer database. Follow-up discussions confirmed that Lebanon is aware of these issues, has identified the common causes and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Lebanon is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, the formal framework to ensure coordinated activities between the authorities that is informed by an analysis of the information being reported is still not yet finalised, although it is noted that all authorities have taken actions, with the SIC having taken very substantial actions, to ensure Reporting Financial Institutions are effectively implementing the requirement. It is also noted that the ICC has just commenced activities and has not implemented procedures in relation to verifying that self-certifications have been collected as required. Furthermore there is no systematic monitoring and follow-up in relation to undocumented accounts. Lebanon is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Lebanon should further complete its risk assessment to underpin its compliance strategy, specifically by extending it to cover Reporting Financial Institutions overseen by the ICC.

Lebanon should finalise and implement its draft protocol to coordinate the activities of the authorities involved in ensuring compliance with the AEOI Standard, including ensuring that verification activities by all authorities are informed by the information reported and are carried out on a routine basis.

The ICC and the tax authority should implement procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications.

Lebanon should implement systems to systematically collect and monitor information on all undocumented accounts to inform its compliance strategy and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

The ICC should further implement its verification activities and routinely apply its enforcement activities where non-compliance is identified, including the application of penalties and sanctions as appropriate.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Lebanon exchanges information on a non-reciprocal basis and does not therefore receive information; it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Lebanon implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been utilised, Lebanon has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Lebanon is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Lebanon is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

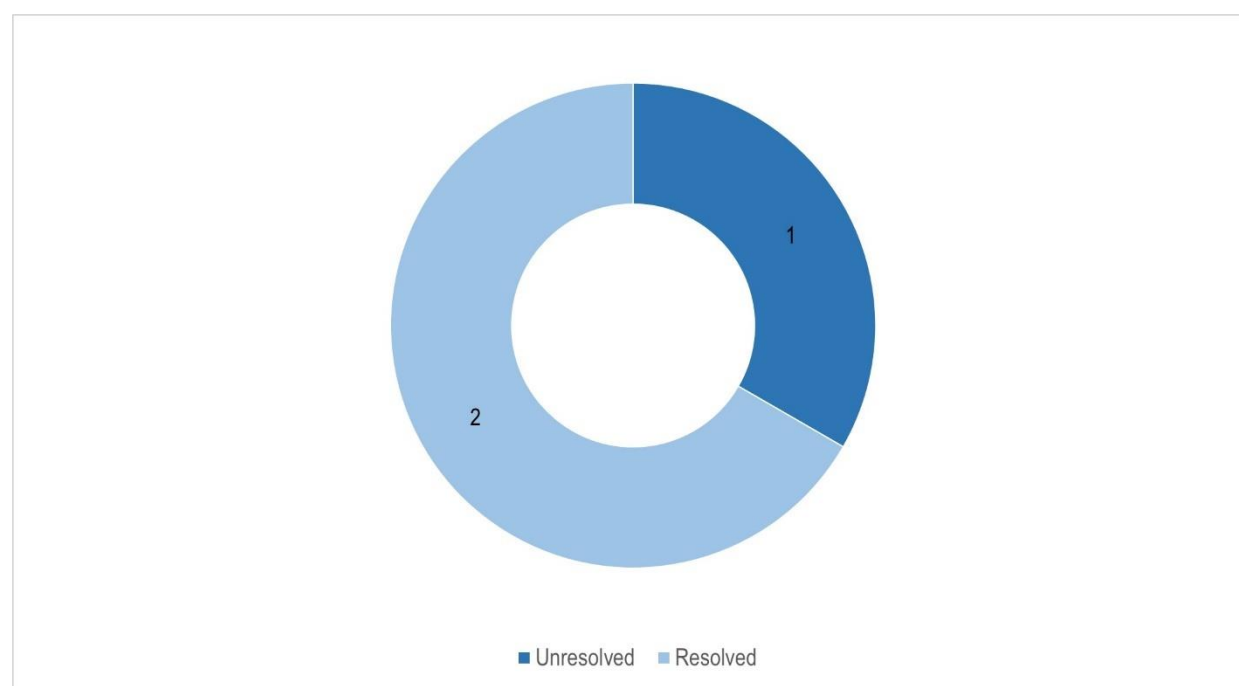
Lebanon's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Lebanon exchanges information non-reciprocally, so does not receive information. Lebanon is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Lebanon (representing 6% of its partners). These generally related to validation of the digital signature on the file and the encryption of the data. More generally, five (or 7%) of Lebanon's exchange partners reported rejecting more than 25% of the files received, of which four reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions, although it has reduced over time. It was noted that Lebanon has successfully addressed most of the issues, including by updating the validation rules it applies and the associated processes.

Figure 1. Technical issues raised by Lebanon's exchange partners



Based on these findings it was concluded that, overall, Lebanon is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to the sorting, preparing and validating of the information to ensure that all exchanges partners accept the information received. Lebanon should therefore continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Lebanon should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Lebanon linked to the CTS.

Based on these findings it was concluded that Lebanon is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Lebanon is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

It is noted that Lebanon faced significant technical issues and as a consequence was delayed in sending the information to its exchange partners. However, Lebanon successfully addressed most of the issues and sent the information as soon as possible thereafter, except for with respect to one partner which stated that it has still not yet received the information.

Based on these findings it was concluded that Lebanon is partially meeting expectations in relation to exchanging the information in a timely manner. However, significant issues have been identified, including with respect to exchanging information in a timely manner. Lebanon should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Lebanon should ensure that exchanges are conducted in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Lebanon's exchange partners did not raise any concerns with respect to Lebanon's use of the agreed transmission methods and therefore with Lebanon's implementation of this requirement.

Based on these findings it was concluded that Lebanon is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Lebanon is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Lebanon exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Lebanon appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Lebanon's exchange partners and therefore with respect to Lebanon's implementation of these requirements.

Based on these findings it was concluded that Lebanon appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Lebanon is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

As it is known by the Global Forum's secretariat and the technical assistance team, Lebanon is facing a severe economic and financial crisis which is getting worst day after day and at all levels life is affected (devaluation of LBP, high costs of transportation, severe power cut, salaries for public employees not yet amended to reflect the high cost of living), particularly public administration employees including tax administration employees are not able to accomplish their duties in normal conditions.

Despite all the above, the SIC is always monitoring the effective implementation of the CRS. The ICC and the Revenue Directorate in a time relatively short were able to issue and to implement compliance strategies and to follow up non-compliant FIs.

Finally, Lebanon is grateful for all the support, continuous follow up and cooperation provided by all the Global Forum Team and would like to thank all the assessors from the AEOI Assessment Panel for taking into consideration Lebanon's comments and progress.

Lebanon reiterates its commitment to implement international standards and will continue to work hard in order to ensure the ongoing effectiveness of the implementation of the CRS.

Liechtenstein

This report analyses the implementation of the AEOI Standard in Liechtenstein with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Liechtenstein's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Liechtenstein's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Liechtenstein's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Liechtenstein's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Liechtenstein is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Liechtenstein commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Liechtenstein:

- enacted the Act on international automatic exchange of information in tax matters (AEOI Act), National Gazette 2015, No. 355, as amended in 2017, 2018 and 2020;
- introduced the Ordinance on international automatic exchange of information in tax matters (AEOI Ordinance), National Gazette 2015, No. 358, as amended in 2016, 2017, 2018, 2019 and 2020; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Liechtenstein made various amendments to its legislative framework to address issues identified, the last of which was effective from 1 January 2021.

With respect to the exchange of information under the AEOI Standard, Liechtenstein:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- has in place an agreement with the European Union.

Table 1 sets out the number of Financial Institutions in Liechtenstein that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Liechtenstein requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Liechtenstein's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	4 731
Financial Accounts reported in 2021	362 912

Table 2 sets out the number of exchange partners to which information was successfully sent by Liechtenstein in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Liechtenstein's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	50	60	68	75

In order to provide for the effective implementation of the AEOI Standard, in Liechtenstein:

- the *Steuerverwaltung* (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Liechtenstein's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the ability to report through both an XML-file upload and a single account upload on a dedicated portal, both validated in line with the CRS XML Schema upon submission; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Liechtenstein's legal frameworks implementing the AEOI Standard concluded with the determination that Liechtenstein's domestic and international legal frameworks are In

Place. This has been taken into account when reviewing the effectiveness of Liechtenstein's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Liechtenstein are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Liechtenstein's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Liechtenstein has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Liechtenstein has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Liechtenstein has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Liechtenstein has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Liechtenstein's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Liechtenstein's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Liechtenstein and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Liechtenstein has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Liechtenstein put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Liechtenstein's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Liechtenstein are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Liechtenstein's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Liechtenstein is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Liechtenstein implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Liechtenstein implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as reports of suspicious transactions received by the Financial Intelligence Unit, reports regarding potential AML weaknesses and input received from exchange partners. Liechtenstein's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Liechtenstein intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Liechtenstein has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the lists of entities regulated to provide financial services and reviews of Trusts and Company Services Providers. Liechtenstein is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Liechtenstein intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Liechtenstein's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Liechtenstein has assigned the equivalent of over 5 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. This is in addition to work undertaken by external private sector auditors who are commissioned to conduct cyclical audits of Reporting Financial Institutions' compliance with the due diligence and reporting obligations on behalf of the tax authority. Liechtenstein has an effective administrative compliance framework to ensure that these audits adhere to national standards and comprehensively address the risks of potential non-compliance. Overall, Liechtenstein appears to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Liechtenstein effectively enforces the requirements, including through desk-based checks, the inspection of records of Reporting Financial Institutions, detailed reviews by external auditors and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Liechtenstein is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Liechtenstein will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes. Non-Reporting Financial Institutions and Excluded Accounts are covered by the audits through specific sample tests for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Liechtenstein has carried out substantial communication and outreach activities, such as providing detailed guidance, releasing newsletters and holding training events for the industry.
Verifying that Financial Institutions are reporting as required	Liechtenstein has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as reviews of relevant information sources, including regulatory lists, and audits of regulated entities and of trust and companies services providers. Liechtenstein identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Liechtenstein has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Liechtenstein has provided for a significant number of onsite visits through external auditors. It accordingly identified some issues, commonly concerning accounts for which information was reported incorrectly, or accounts which were incorrectly not reported. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Liechtenstein has imposed a substantial number of penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Liechtenstein, the presence of the key data points of the Tax Identification Numbers appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Liechtenstein nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Liechtenstein is aware of this issue and is taking steps to address it. More generally, many of the exchange partners that received a significant number of records from Liechtenstein indicated that they achieved a success rate when matching the information received from Liechtenstein with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Liechtenstein is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Liechtenstein is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Liechtenstein implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Liechtenstein has the necessary systems and procedures to process them as required. It also appears that Liechtenstein will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Liechtenstein is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Liechtenstein is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

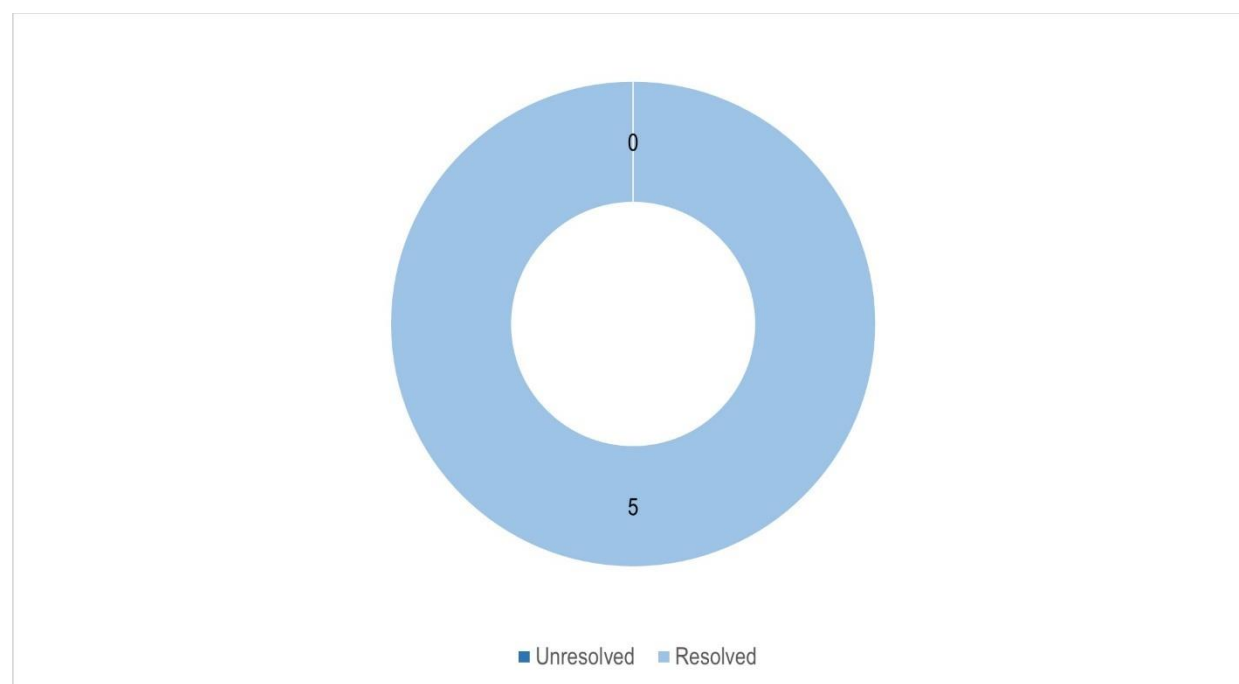
Liechtenstein's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Liechtenstein is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Five exchange partners highlighted particular issues with respect to preparation and format of the information sent by Liechtenstein (representing 7% of its partners). These generally related to issues concerning CRS XML Schema validation and a duplicated file reference number. More generally, nine (or 12%) of Liechtenstein's exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions. It was noted that Liechtenstein has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Liechtenstein's exchange partners



Based on these findings it was concluded that Liechtenstein is fully meeting expectations in relation to sorting, preparing and validating the information. Liechtenstein is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Liechtenstein linked to the CTS.

Based on these findings it was concluded that Liechtenstein is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Liechtenstein is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Liechtenstein's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Liechtenstein and therefore with respect to Liechtenstein's implementation of this requirement.

Based on these findings it was concluded that Liechtenstein is fully meeting expectations in relation to exchanging the information in a timely manner. Liechtenstein is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Liechtenstein's exchange partners did not raise any concerns with respect to Liechtenstein's use of the agreed transmission methods and therefore with Liechtenstein's implementation of this requirement.

Based on these findings it was concluded that Liechtenstein is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Liechtenstein is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Liechtenstein. However, it was noted that Liechtenstein has sent the status message due to be sent in 2021.

Based on these findings it was concluded that Liechtenstein is fully meeting expectations in relation to the receipt of the information. Liechtenstein is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Liechtenstein appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Liechtenstein's exchange partners and therefore with respect to Liechtenstein's implementation of these requirements.

Based on these findings it was concluded that Liechtenstein appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Liechtenstein is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Lithuania

This report analyses the implementation of the AEOI Standard in Lithuania with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Lithuania's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Lithuania's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Lithuania's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Lithuania's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Lithuania is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Lithuania commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Lithuania:

- enacted Article 61-¹ of the Law on Tax Administration, Resolution No. 1017 of 23 September 2015 and Article 198-¹ of the Code of Administrative Offences;
- introduced the Rules for the Provision of Information Necessary for Implementation of the International Cooperation Obligations Concerning Automatic Exchange of Financial Account Information;
- introduced Article 198-¹ of the Code of Administrative Offences of 3 December 2019; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Lithuania amended its legislative framework to address issues identified, effective from 10 September 2020.

With respect to the exchange of information under the AEOI Standard, Lithuania:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place the European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries;¹ and
- put in place a bilateral agreement.²

Table 1 sets out the number of Financial Institutions in Lithuania that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Lithuania requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Lithuania's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	127
Financial Accounts reported in 2021	8 373 762

Table 2 sets out the number of exchange partners to which information was successfully sent by Lithuania in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Lithuania's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	63	66	70	70

In order to provide for the effective implementation of the AEOI Standard, in Lithuania:

- the State Tax Inspectorate (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Lithuania's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online reporting portal; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Lithuania's legal frameworks implementing the AEOI Standard concluded with the determination that Lithuania's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Lithuania's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Lithuania are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Lithuania's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Lithuania has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Lithuania has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Lithuania has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Lithuania has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Lithuania's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Lithuania's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Lithuania and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Lithuania has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Lithuania put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Lithuania's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Lithuania are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Lithuania's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Lithuania is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Lithuania implemented all of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Lithuania implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as knowledge about the financial sector, questionnaires and existing information held in tax databases. The strategy incorporates communication and outreach as well as direct verification activities. Lithuania's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Lithuania intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Lithuania has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as lists maintained by the Central Bank on financial market participants, the Foreign Financial Institution list for FATCA purposes and existing information held by the tax authority. Lithuania is also working to understand its population of relevant non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard. Lithuania requires nil reporting and is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Lithuania intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Lithuania's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Lithuania has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools, along with additional staff, to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Lithuania effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Lithuania is ready to take effective action to address circumvention of the requirements if such circumvention is detected. It also appears that effective action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Lithuania will also keep its jurisdiction-specific list of Non-Reporting Financial Institutions under review to ensure they continue to pose a low risk of being used for tax evasion purposes. It is noted that Lithuania does not have a jurisdiction-specific list of Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Lithuania has carried out communication and outreach activities, such as providing answers to Frequently Asked Questions and guidance on the STI website and provides designated staff to assist Financial Institutions.
Verifying that Financial Institutions are reporting as required	Lithuania has carried out some verification activities to ensure that Financial Institutions are reporting as required, through annual updating of the list of Financial Institutions, following up on the reporting, including the nil reporting requirement and issuing questionnaires. These actions identified several Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Lithuania has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Lithuania has conducted some in-depth audits. It accordingly identified some issues, commonly concerning non-reporting and incorrect reporting of Reportable Accounts. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Lithuania has not yet imposed penalties and sanctions, but has procedures in place to do so when appropriate.

With respect to the Financial Account information collected and sent by Lithuania, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Feedback from Lithuania's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Lithuania. Furthermore, eight exchange partners highlighted issues with respect to the information received, such as higher than usual rates of reported individuals with invalid TINs and missing dates of birth. Follow-up discussions confirmed that Lithuania is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Lithuania is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to ensuring that the information exchanged is complete and accurate. Lithuania is encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Lithuania should further implement its approach to identify non-regulated Financial Institutions for the purposes of the AEOI Standard.

Lithuania should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Lithuania implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Lithuania has the necessary systems and procedures to process them as required. It also appears that Lithuania will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Lithuania is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Lithuania is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

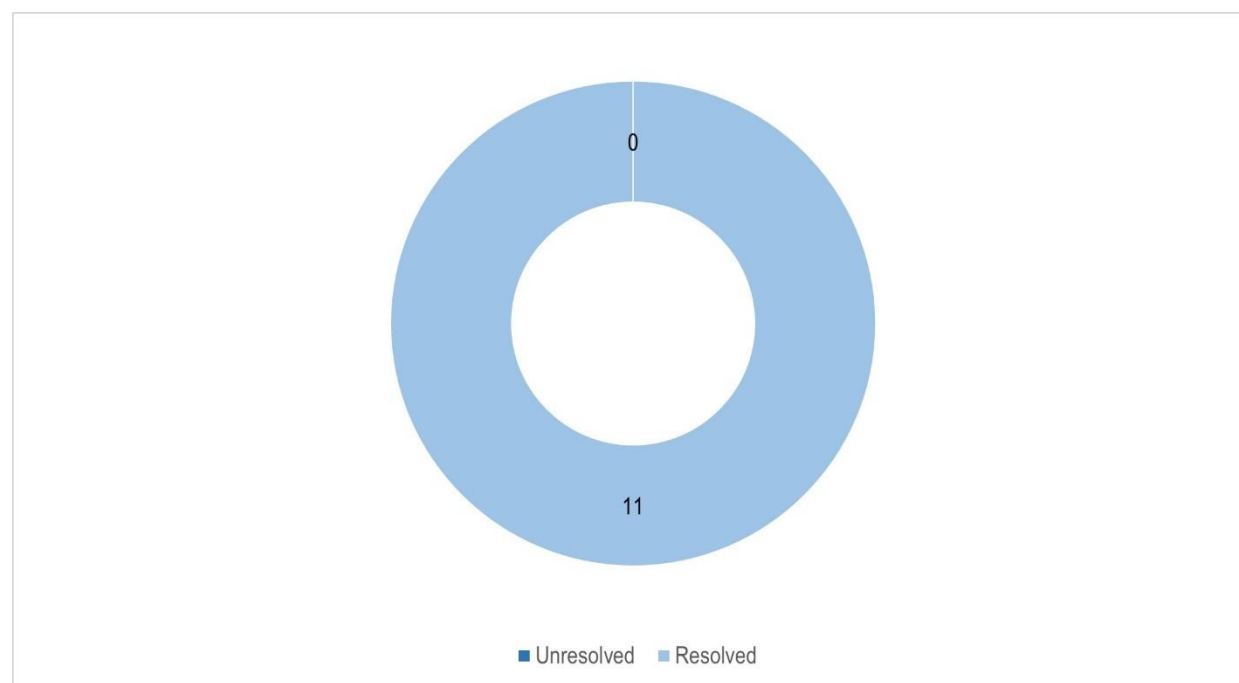
Lithuania's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8), and providing corrections, amendments or additions to the information (SR 2.9). Lithuania is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

11 exchange partners highlighted particular issues with respect to preparation and format of the information sent by Lithuania (representing 17% of its partners). These generally related to a duplicated file reference number and CRS XML Schema validation issues. More generally, seven (or 9%) of Lithuania's exchange partners reported rejecting more than 25% of the files received, of which three (or 4%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions. It was noted that Lithuania has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Lithuania's exchange partners



Based on these findings it was concluded that Lithuania is fully meeting expectations in relation to sorting, preparing and validating the information. Lithuania is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Lithuania linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Lithuania is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Lithuania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Four exchange partners highlighted delays in the sending of information by Lithuania (representing 5% of its partners). This represents a relatively high proportion of exchange partners. It was noted that Lithuania successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Lithuania is fully meeting expectations in relation to exchanging the information in a timely manner. Lithuania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Lithuania's exchange partners did not raise any concerns with respect to Lithuania's use of the agreed transmission methods and therefore with Lithuania's implementation of this requirement.

Based on these findings it was concluded that Lithuania is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Lithuania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Lithuania. It was noted that Lithuania appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Lithuania is fully meeting expectations in relation to the receipt of the information. Lithuania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Lithuania appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Lithuania's exchange partners and therefore with respect to Lithuania's implementation of these requirements.

Based on these findings it was concluded that Lithuania appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Lithuania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Singapore.

Luxembourg

This report analyses the implementation of the AEOI Standard in Luxembourg with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Luxembourg's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Luxembourg's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Luxembourg's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Luxembourg's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Luxembourg is encouraged to continue to evolve and refine its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Luxembourg commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Luxembourg:

- enacted the law of 18 December 2015 related to the Common Reporting Standard, which has been amended several times and most recently by a law of 18 June 2020;
- enacted the grand-ducal regulation of 15 March 2016 executing article 2 paragraph 4 of the modified law of 18 December 2015, which has been amended several times and most recently by a grand-ducal regulation of 24 January 2020; and
- issued Frequently Asked Questions, which are not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Luxembourg made various amendments to its legislative framework to address issues identified, the last of which will be effective from 1 January 2021.

With respect to the exchange of information under the AEOI Standard, Luxembourg:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Luxembourg that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Luxembourg requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Luxembourg's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	6 730
Financial Accounts reported in 2021	2 868 125

Table 2 sets out the number of exchange partners to which information was successfully sent by Luxembourg in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Luxembourg's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	72	77

In order to provide for the effective implementation of the AEOI Standard, in Luxembourg:

- the Luxembourg Direct Tax Administration, *Administration des contributions directes*, has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Luxembourg's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through two official secured channels, which require the CRS files to follow the Luxembourg domestic XSD (the relevant schema). This system allows for the validation of the information reported; and

- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Luxembourg legal frameworks implementing the AEOI Standard concluded with the determination that Luxembourg's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Luxembourg's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Luxembourg are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Luxembourg's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Luxembourg has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Luxembourg has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Luxembourg has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Luxembourg has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Luxembourg's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Luxembourg's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Luxembourg and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Luxembourg has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Luxembourg put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Luxembourg's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Luxembourg are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Luxembourg's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Luxembourg is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Luxembourg implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Luxembourg implemented an overarching strategy to ensure compliance with the AEOI Standard. This strategy initially focused on carrying out communication activities and providing guidance to Reporting Financial Institutions. Luxembourg subsequently put in place the Compliance Procedures for CRS purposes, which defines a Global Risk Assessment process that allows for the identification of relevant risks, both at the level of individual Reporting Financial Institutions as well as at a macro-level (i.e. at the level of the whole population of Reporting Financial Institutions, certain sectors of activities or certain types of Reporting Financial Institutions). Luxembourg's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Luxembourg intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Luxembourg has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes and lists of entities of the financial regulator and other relevant oversight bodies, as well as information from the commercial registry and from the LTA. Luxembourg is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Luxembourg intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Luxembourg Direct Tax Administration appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, two departments within the Luxembourg Direct Tax Administration are involved in compliance activities related to the AEOI Standard and other AEOI initiatives, with the equivalent of 12 full time staff to monitor and ensure compliance by Reporting Financial Institutions. This includes two full time staff in charge of IT-related functions. The staff have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Luxembourg effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Luxembourg is ready to take effective action to address the circumvention of the requirements if such circumvention is detected. Furthermore, Luxembourg is taking action to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- It is noted that Luxembourg does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Luxembourg has carried out substantial communication and outreach activities, such as the publication of FAQs and circulars to provide guidance to Reporting Financial Institutions, the creation of a dedicated portal with information on the AEOI Standard, the publication of newsletters and putting in place a hotline and an email address for Financial Institutions to communicate with the Luxembourg Direct Tax Administration. Furthermore, Luxembourg held regular meetings with the

Activity type	Activities undertaken
Verifying that Financial Institutions are reporting as required	professional associations and relevant stakeholders to provide guidance on the obligations under the AEOI Standard. Luxembourg has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as carrying out Classification Audits and sending reminders to the Reporting Financial Institutions that have not reported information, as well as cross-checking the list of Financial Institutions from relevant sources. It identified some Financial Institutions incorrectly not reporting and it is following up with these Financial Institutions with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Luxembourg has conducted a significant number of desk-based checks/in-depth audits to verify whether the information being reported is complete and accurate. It accordingly identified some issues, commonly concerning Reportable Accounts for which information was not reported and Reportable Accounts for which information was reported incorrectly. It is following up with these Financial Institutions with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Luxembourg has imposed a substantial number of penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Luxembourg, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Two partners highlighted specific issues with respect to the information received, such as accounts being reported twice and accounts seemingly only reported with payments if the account balance/value was reduced to zero. Follow-up discussions confirmed that Luxembourg has already solved the first issue and has started investigations and is planning to perform an audit to address the second potential issue. More generally, many of the exchange partners that received a significant number of records from Luxembourg indicated that they achieved a success rate when matching the information received from Luxembourg with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Luxembourg is encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Luxembourg should continue to address the issue raised by its exchange partner.

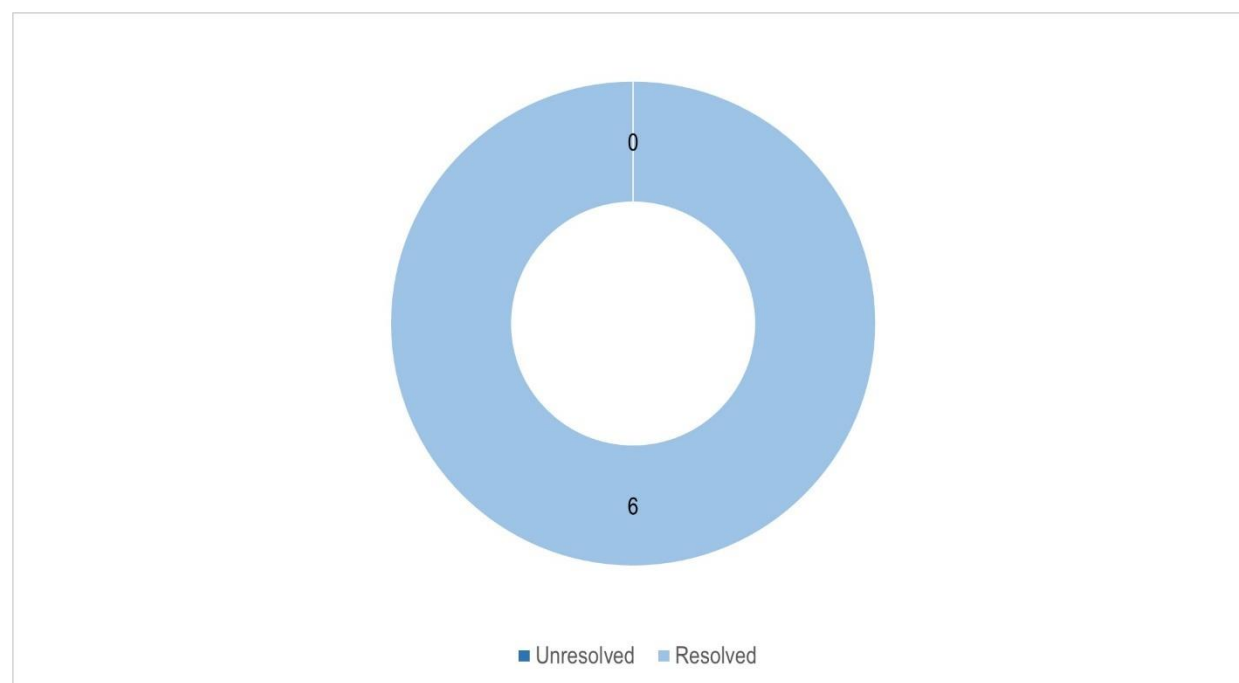
SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Luxembourg implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Luxembourg received notifications from three partners (representing 4% of its partners) and has successfully processed all of them in a timely manner, resolving the issues raised. This is depicted in Figure 1. It also appears that Luxembourg will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Luxembourg is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Luxembourg's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Luxembourg is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted specific issues with respect to preparation and format of the information sent by Luxembourg. This related to the rejection of the information received from Luxembourg. It was noted that Luxembourg has already successfully addressed the issue. More generally, none of Luxembourg's exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to sorting, preparing and validating the information. Luxembourg is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Luxembourg linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Luxembourg is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Luxembourg's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Luxembourg and therefore with respect to Luxembourg's implementation of this requirement.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to exchanging the information in a timely manner. Luxembourg is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Luxembourg's exchange partners did not raise any concerns with respect to Luxembourg's use of the agreed transmission methods and therefore with Luxembourg's implementation of this requirement.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Luxembourg is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Luxembourg's exchange partners did not raise any concerns with respect to Luxembourg's receipt of the information and therefore with Luxembourg's implementation of these requirements.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to the receipt of the information. Luxembourg is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Luxembourg appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Luxembourg's exchange partners and therefore with respect to Luxembourg's implementation of these requirements.

Based on these findings it was concluded that Luxembourg is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Luxembourg is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Macau (China)

This report analyses the implementation of the AEOI Standard in Macau with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Macau's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Macau's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all Macau, China's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Macau's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Macau is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Macau commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. Macau sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Macau:

- enacted Law No. 5/2017 (Legal Regime for the Exchange of Tax Information) as amended by Law No. 21/2019 and Law No. 1/2022; and
- issued Chief Executive Resolution No. 211/2017, amended by Chief Executive Resolution No. 232/2020.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

Following the initial Global Forum peer review, Macau amended its legislative framework to address issues identified, the last of which was effective from 1 April 2022.

With respect to the exchange of information under the AEOI Standard, Macau has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and Macau activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Macau that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Macau requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Macau's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	43
Financial Accounts reported in 2021	1 260 021

Table 2 sets out the number of exchange partners to which information was successfully sent by Macau in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Macau's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	36	48	60	67

In order to provide for the effective implementation of the AEOI Standard, in Macau:

- the Financial Services Bureau (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Macau's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place via an online facility; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Macau's legal frameworks implementing the AEOI Standard concluded with the determination that Macau's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Macau's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Macau are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Macau's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Macau has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Macau has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Macau has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Macau has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Macau's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Macau's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Macau and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Macau has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Macau put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Macau's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Macau are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Macau's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Macau is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Macau implemented all of the requirements in accordance with expectations. The key findings were:

- Macau has developed and commenced implementing an overarching strategy to ensure compliance with the AEOI Standard using a risk assessment that takes into account a range of relevant information sources, including questionnaires, data analysis and characteristics of the industry sectors. Macau has introduced a requirement for Reporting Financial Institutions to submit certain statistical information annually that goes beyond the standard reporting requirement, as an additional source of information for risk analysis and the targeting of compliance activities. Macau's

compliance strategy is designed to facilitate compliance through education and communication, and to ensure compliance through enforcement procedures, put in place following the recent legal amendments that provide for the necessary enforcement powers. Macau intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.

- Macau has worked to understand its population of Financial Institutions, including relevant non-regulated entities, through mandatory registration and nil reporting obligations cross-checked against regulatory lists, domestic tax information, account data from known Financial Institutions and the Foreign Financial Institution list for FATCA purposes. Macau has undertaken activities to ensure the entities are correctly registering and filing. Macau intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Macau's compliance strategy appears to have the necessary resources to discharge its functions. With respect to resourcing, Macau has assigned the equivalent of four full time equivalent staff to carry out compliance activities with Reporting Financial Institutions, and these staff have access to IT systems and other specialist teams to conduct risk assessments and provide data analysis in support of the compliance activities. Overall, they appear to have developed an appropriate operational plan to verify compliance with the requirements.
- Macau has conducted various desk-based checks to verify whether the information being reported is complete and accurate, with questionnaires having been sent to all Reporting Financial Institutions. Furthermore, it appears that Macau has effective procedures for the inspection of records of Reporting Financial Institutions and has carried out one onsite visit with more being scheduled. It has procedures in place to apply dissuasive penalties and sanctions for non-compliance in relation to filing, record keeping and due diligence failures. It also appears that Macau is ready to take effective action to address circumvention of the requirements if such circumvention is detected and is taking action to ensure self-certifications are obtained as required. Macau is also monitoring and following up with Reporting Financial Institutions that report undocumented accounts.
- Macau will also keep its jurisdiction-specific category of Excluded Accounts under review to ensure it continues to pose a low risk of being used for tax evasion purposes.
- It is noted that Macau does not have a jurisdiction-specific list of Non-Reporting Financial Institutions for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Macau has carried out substantial communication and outreach activities, such as conducting seminars, publishing guidance and providing dedicated contact channels to provide assistance.
Verifying that Financial Institutions are reporting as required	Macau has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such cross-checking regulatory lists, domestic tax information and the FATCA FFI list. It has identified one Financial Institution incorrectly not reporting and has followed up to ensure ongoing compliance.
Verifying whether the information reported is complete and accurate	Macau has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate and has plans to continue to do so. Macau has carried out an initial onsite visit and more are being scheduled. It accordingly identified some issues concerning failures to report some accounts. It has followed up on these

Activity type	Activities undertaken
Enforcement	<p>issues to ensure compliance and will continue to do so.</p> <p>Following the activities mentioned above, Macau has imposed a non-filing sanction and is now in a position to sanction other forms of non-compliance when detected. It will monitor the impact of the sanctions imposed with a view to ensuring future compliance.</p>

In terms of the Financial Account information collected and sent by Macau, while the presence of the key data point of dates of birth and the level of undocumented accounts appeared to be in line with most other jurisdictions, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts, when compared to most other jurisdictions. Follow-up discussions confirmed that Macau is aware of these issues and is taking steps to address them.

Feedback from Macau's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their other exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from Macau. Furthermore, six exchange partners highlighted issues with respect to the information received, such as low rates of valid Tax Identification Numbers and the absence of a first name being given for individuals. Follow-up discussions confirmed that Macau is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Macau is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the ongoing implementation of Macau's enforcement framework given the recent change in its legal framework to provide the necessary power. Macau is therefore encouraged to continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Macau should continue to implement its plan to verify and enforce compliance by Reporting Financial Institutions.

Macau should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Macau exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Macau implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Macau has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Macau is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Macau is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Macau's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7), and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Macau exchanges information non-reciprocally, so does not receive information. Macau is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Macau's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Macau and therefore with respect to Macau's implementation of these requirements. Furthermore, none of Macau's exchange partners reported rejecting more than 25% of files received due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions.

Based on these findings it was concluded that Macau is fully meeting expectations in relation to sorting, preparing and validating the information. Macau is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Macau linked to the CTS.

Based on these findings it was concluded that Macau is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Macau is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Macau's exchange partners did not raise any concerns with respect to the timeliness of the exchanges by Macau and therefore with respect to Macau's implementation of this requirement.

Based on these findings it was concluded that Macau is fully meeting expectations in relation to exchanging the information in a timely manner. Macau is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Macau's exchange partners did not raise any concerns with respect to Macau's use of the agreed transmission methods and therefore with Macau's implementation of this requirement.

Based on these findings it was concluded that Macau is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Macau is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Macau exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Macau appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Macau's exchange partners and therefore with respect to Macau's implementation of these requirements.

Based on these findings it was concluded that Macau appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Macau is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Through a territorial extension by China.

Malaysia

This report analyses the implementation of the AEOI Standard in Malaysia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Malaysia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Malaysia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Malaysia's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Malaysia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Malaysia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Malaysia commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Malaysia:

- enacted Sections 113A, 119B, 132B and 154(1)(c) of the Income Tax Act 1967;
- introduced the Income Tax (Automatic Exchange of Financial Account Information) Rules 2016 - P.U.(A) 355/2016 as amended in 2017 and 2020;
- introduced the Labuan Business Activity Tax (Automatic Exchange of Financial Account Information) Regulations 2018 – P.U.(A) 20/2018 (with effect from 1 July 2017) as amended in 2020; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

Following the initial Global Forum peer review, Malaysia amended its legislative framework to address an issue identified, which was effective from 28 August 2020.

With respect to the exchange of information under the AEOI Standard, Malaysia is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Malaysia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Malaysia requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Malaysia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	641
Financial Accounts reported in 2021	1 791 196

Table 2 sets out the number of exchange partners to which information was successfully sent by Malaysia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Malaysia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	42	64	65	69

In order to provide for the effective implementation of the AEOI Standard, in Malaysia:

- the Inland Revenue Board of Malaysia (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Malaysia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online portal; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Malaysia's legal frameworks implementing the AEOI Standard concluded with the determination that Malaysia's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Malaysia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Malaysia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Malaysia's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Malaysia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Malaysia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Malaysia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Malaysia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Malaysia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Malaysia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Malaysia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Malaysia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Malaysia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Malaysia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Malaysia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Malaysia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Malaysia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Malaysia implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Malaysia implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account the information reported by Reporting Financial Institutions and feedback from exchange partners. However, Malaysia's risk assessment could be expanded further to ensure that it has a systemic and comprehensive consideration of risk to inform its compliance strategy. Malaysia's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Malaysia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Malaysia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, requiring mandatory registration and nil reporting. Malaysia utilises various relevant information sources, such as lists of regulated entities, information from financial associations and other bodies, and the Foreign Financial Institution list for FATCA purposes to conduct checks. Malaysia is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Malaysia intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Malaysia's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Malaysia has assigned the equivalent of five full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented the first stages of an operational plan to verify compliance with the requirements, incorporating some appropriate compliance activities.
- It appears that Malaysia effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the introduction of dissuasive penalties and sanctions for non-compliance, although they have not yet been applied in practice. It also appears that Malaysia is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Malaysia will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Malaysia has carried out substantial communication and outreach activities, such as providing guidance on its website, putting in place a dedicated email facility, sending email bulletins and organizing meetings with Financial Institutions.
Verifying that Financial Institutions are reporting as required	Malaysia has carried out some verification activities to ensure that Financial Institutions are reporting as required and identified some Financial Institutions incorrectly not reporting. It is following up these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Malaysia has not yet conducted onsite visits, but has plans to do so in the near future. Malaysia has conducted some desk-based checks to verify whether the information being reported is complete and accurate. The Financial Institutions records are checked as part of the desk-based reviews. It accordingly identified a small number of issues with naming conventions and undocumented accounts. It followed up on these issues with a view to ensuring future compliance.

Activity type	Activities undertaken
Enforcement	Following the activities mentioned above, Malaysia has not yet imposed penalties and sanctions, but has procedures in place to do so when appropriate.

In terms of the Financial Account information collected and sent by Malaysia, while the presence of the key data point of the level of undocumented accounts appeared to be in line with most other jurisdictions, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Malaysia nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Malaysia is aware of these issues and is taking steps to address them.

Feedback from Malaysia's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Malaysia. Furthermore, 13 exchange partners highlighted issues with respect to the information received, such as names, dates of birth and addresses not being provided. Follow-up discussions confirmed that Malaysia is aware of these issues is seeking to improve the situation.

Based on these findings it was concluded that, overall, Malaysia is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to risk assessment, ensuring the collection of complete self-certifications and continuing to address the issues raised by its exchange partners. Malaysia is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Malaysia should expand its overarching risk assessment of the implementation of the CRS to an appropriate range of information sources to identify, assess and understand the compliance risks for all aspects of the AEOI Standard in Malaysia.

Malaysia should actively monitor and verify whether self-certifications have been obtained in all cases required by the AEOI Standard, including ensuring that the self-certifications contain all required information.

Malaysia should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Malaysia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Malaysia has the necessary systems and procedures to process them as required. It also appears that Malaysia will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Malaysia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Malaysia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

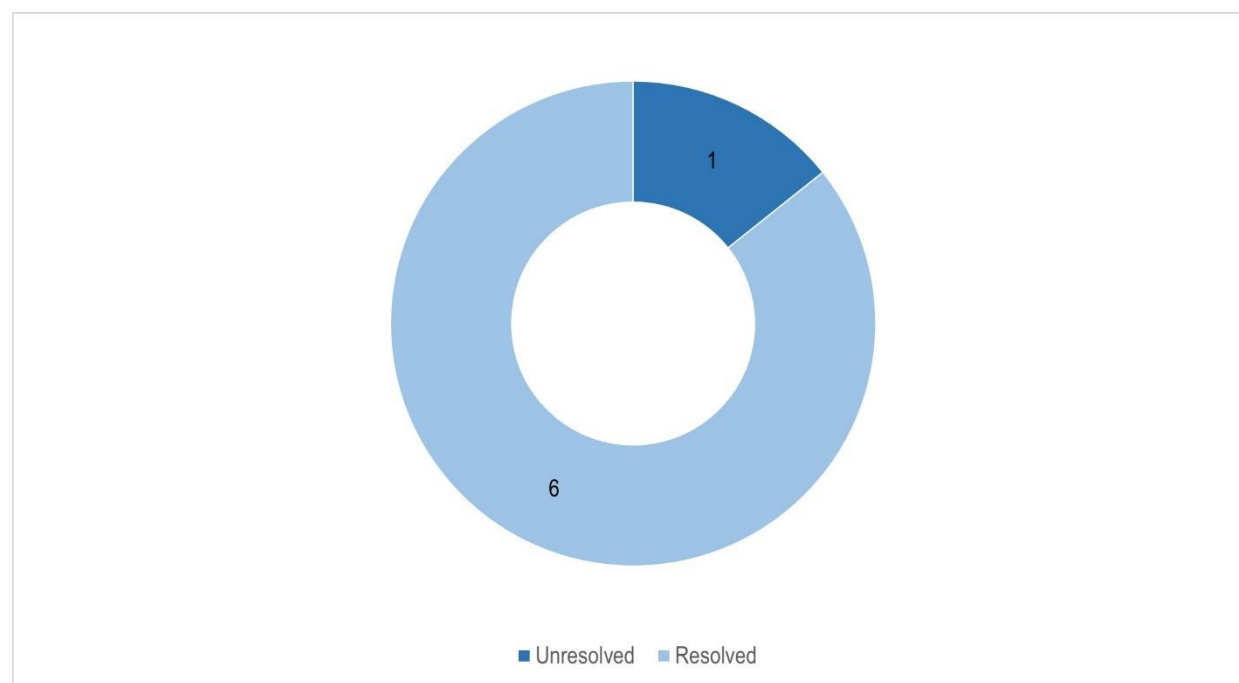
Malaysia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Malaysia has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Seven exchange partners highlighted particular issues with respect to preparation and format of the information sent by Malaysia (representing 9% of its partners). These generally related to a duplicated file reference number and CRS XML Schema validation issues. More generally, four (or 5%) of Malaysia's exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions, although it has reduced over time. It was noted that Malaysia has already successfully addressed most of the issues, including some that arose some time ago.

Figure 1. Technical issues raised by Malaysia's exchange partners



Based on these findings it was concluded that, overall, Malaysia is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to validating all data for standard errors before transmission and working with exchange partners to address the issues raised. Malaysia is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Malaysia should continue to work with its exchange partners to address the issues raised.

Malaysia should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Malaysia linked to the CTS.

Based on these findings it was concluded that Malaysia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Malaysia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Malaysia's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Malaysia and therefore with respect to Malaysia's implementation of this requirement.

Based on these findings it was concluded that Malaysia is fully meeting expectations in relation to exchanging the information in a timely manner. Malaysia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Malaysia's exchange partners did not raise any concerns with respect to Malaysia's use of the agreed transmission methods and therefore with Malaysia's implementation of this requirement.

Based on these findings it was concluded that Malaysia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Malaysia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Five exchange partners highlighted delays in the sending of status messages by Malaysia, representing 5% of its partners. This represents a relatively high proportion of partners, although it has improved over time. It was noted that Malaysia appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Malaysia is meeting expectations in relation to the receipt of information. It was also noted that there is room for improvement with respect to Malaysia's processes to receive and acknowledge the receipt of exchanged information. Malaysia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Malaysia should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Malaysia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Malaysia's exchange partners and therefore with respect to Malaysia's implementation of these requirements.

Based on these findings it was concluded that Malaysia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Malaysia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Malaysia would like to express its appreciation to the Assessment Team for their professionalism, continuous and laborious efforts of the work done in evaluating Malaysia's AEOI Framework in light of the prescribed international standards. Malaysia also like to extend its appreciation to the Global Forum Secretariat, the Peer Review Group and its exchange partners for their invaluable inputs and contribution to this report.

Malaysia recognises that AEOI is a game changer for an effective implementation of EOI and continue to support the collective efforts by the OECD and stakeholders around the world to improve transparency and effective exchange of information to further address the issue of tax evasion and avoidance. This is done through the adoption and the implementation of best practices, and Malaysia's legislations are consistently being reviewed and updated to ensure they comply with the standards.

Therefore, the overall rating of "On Track" fairly reflects the continuous effort done so far and demonstrates the ability and willingness of Malaysia to reach a high level of compliance with the internationally agreed tax standards. Such compliance is also supplemented with the efforts undertaken by the Malaysia's Financial Institutions on preparing quality submissions that meet the needs of the partners. Consequently, Malaysia acknowledges the recommendations, including to further improve on the time management of the requests exchanges and will further strengthen the mechanics according to the AEOI standards in optimising the exchange practices.

Malaysia has a longstanding commitment to the effective implementation of EOI, which is now being extended to include AEOI with our bilateral treaty partners and signatories to the MCAA on Common Reporting Standards, and is committed to maintaining a broad AEOI network with all interested and appropriate partners.

Malta

This report analyses the implementation of the AEOI Standard in Malta with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Malta's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Malta's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Malta's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Malta's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Malta is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Malta commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Malta:

- amended its Income Tax Act and Income Tax Management Act;
- introduced the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Malta amended its legislative framework to address issues identified, effective from 1 January 2016.

With respect to the exchange of information under the AEOI Standard, Malta:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹
- put in place two bilateral agreements.²

Table 1 sets out the number of Financial Institutions in Malta that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Malta requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Malta's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 345
Financial Accounts reported in 2021	204 776

Table 2 sets out the number of exchange partners to which information was successfully sent by Malta in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Malta's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	61	67	73	73

In order to provide for the effective implementation of the AEOI Standard, in Malta:

- the International and Corporate Tax Unit of the Office of the Commissioner for Revenue (the tax authority) has the primary responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Malta's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the Commissioner for Revenue AEOI Portal, which allows for CRS XML Schema file upload and which validates the data files through a validation module; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Malta's legal frameworks implementing the AEOI Standard concluded with the determination that Malta's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Malta's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Malta are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Malta's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Malta has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Malta has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Malta has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Malta has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Malta's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Malta's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Malta and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Malta has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Malta put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Malta's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Malta are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Malta's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Malta is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Malta should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Malta implemented some of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Malta has a strategy to ensure compliance with the AEOI Standard and has partially implemented this strategy. Once implemented, Malta's compliance strategy should facilitate compliance and it appears to incorporate a credible approach to enforcement. A recent mandate was given to the tax authority to conduct onsite visits at Financial Institutions. Malta intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis. However, Malta has not yet implemented many key aspects of its compliance plan, and has not yet conducted in-depth reviews, onsite visits or an inspection of records held by Reporting Financial Institutions. There does not appear to be a formalised plan or activity undertaken to ensure that the interaction between Malta's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- Malta appears to have a well-developed plan to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as registers of regulated Financial Institutions, registers of trusts and the Foreign Financial Institution list for FATCA purposes. Malta intends to keep its understanding of its Financial Institution population up to date on a routine basis. Malta has commenced some of these activities on the verification of its Financial Institution population.
- The institution responsible for implementing Malta's compliance strategy appears to have the necessary powers to discharge its functions, although the adequacy of its resourcing is unclear. With respect to resourcing, Malta has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Malta's plan to train the team responsible for conducting verification activities, such as audits, has been delayed due to the COVID-19 pandemic and attempts to carry out this training are back on track. Furthermore, activities to ensure that valid self-certifications are always obtained when required do not appear to be undertaken as part of a distinct and formalised policy.
- It appears that Malta has the ability to effectively enforce the requirements, including through the application of dissuasive penalties and sanctions for non-compliance. However, it is unclear whether Malta is in a position to take effective action to address circumvention of the requirements if such circumvention is detected. It appears that effective action is commenced to follow up on undocumented accounts.
- It is noted that Malta does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Malta has carried out substantial communication and outreach activities, such as through seminars and conferences provided to the industry, a dedicated mailbox for queries, and the issuance of detailed guidance and a toolkit, which will be available to Financial Institutions through the local OCIR website.
Verifying that Financial Institutions are reporting as required	Malta has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as monitoring Financial Institutions that have reported undocumented accounts and identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Malta has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate but has plans to do so in the near future. Furthermore, Malta has not yet conducted in-depth audits or onsite visits but has plans to do so in the near future.
Enforcement	Following the activities mentioned above, Malta has imposed some penalties and sanctions.

With respect to the Financial Account information collected and sent by Malta, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. More generally, many of the exchange partners that received a significant number of records from Malta indicated that they achieved a success rate when matching the information received from Malta with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Malta is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to implementing plans to carry out verification activities and ensuring that there is an appropriate scope of compliance activities. Malta should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Malta should expand the scope of its risk assessment of the implementation of the AEOI Standard and use a range of information sources to identify, assess and understand the compliance risks related to Reporting Financial Institutions in Malta.

Malta should continue implementing its plan to identify all Reporting Financial Institutions and ensure that they report information as required.

Malta should commence activities to effectively verify that the information reported by Financial Institutions is complete and accurate.

Malta should develop and implement a formalised process to monitor and verify whether self-certifications have been obtained as required with a particular focus on the monitoring and verification of the collection of self-certifications where they are not obtained as part of the account opening procedures.

Malta should continue implementing its planned activities to follow up with Reporting Financial Institutions reporting undocumented accounts, including to understand the reason for it and to ensure they are correctly applying the definition.

Malta should develop and implement a policy that provides that, where circumvention is identified, action is taken to address it.

Malta should actively monitor the interaction between its AML framework and the CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard, including requirements to identify Controlling Persons of a trust or similar legal arrangements in accordance with paragraphs 134, 135 and 136 of the Commentary on Section VIII.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Malta implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Malta has the necessary systems and procedures to process them as required. It also appears that Malta will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Malta is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Malta is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating -and transmitting it in accordance with the AEOI Standard.

Rating: On Track

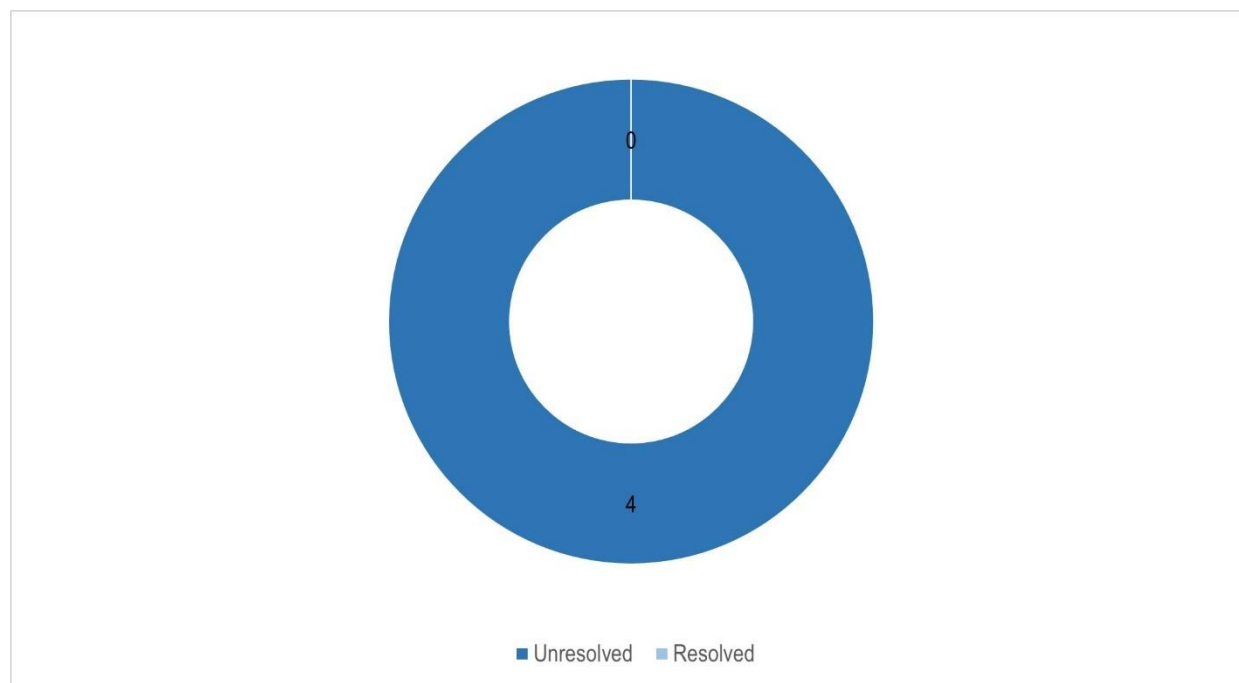
Malta's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Malta is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Four exchange partners highlighted particular issues with respect to preparation and format of the information sent by Malta (representing 5% of its partners). These generally related to the use of the same DocRefID in more than one file. More generally, seven (or 9%) of Malta's exchange partners reported rejecting more than 25% of the files received, of which five (or 6%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. Malta has still not yet addressed the issues.

Figure 1. Technical issues raised by Malta's exchange partners



Based on these findings it was concluded that, overall, Malta is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to preparing and validating the files properly. Malta is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Malta should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Malta linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Malta is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Malta is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Malta's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Malta and therefore with respect to Malta's implementation of this requirement.

Based on these findings it was concluded that Malta is fully meeting expectations in relation to exchanging the information in a timely manner. Malta is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Malta's exchange partners did not raise any concerns with respect to Malta's use of the agreed transmission methods and therefore with Malta's implementation of this requirement.

Based on these findings it was concluded that Malta is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Malta is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Ten exchange partners highlighted delays in the sending of status messages by Malta, representing 10% of its partners. This represents a relatively high proportion of partners. Malta has still not yet sent all of the status messages due to be sent in 2021 and is discussing the issues with its exchange partners.

Based on these findings it was concluded that Malta is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to sending status messages to partners in a timely manner following exchanges. Malta should continue its implementation process to ensure its ongoing effectiveness, including by addressing the recommendation made.

Recommendations:

Malta should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Malta appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Malta's exchange partners and therefore with respect to Malta's implementation of these requirements.

Based on these findings it was concluded that Malta appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Malta is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Qatar and Singapore. Malta has also activated a relationship under the CRS MCAA with Qatar.

Marshall Islands

This report analyses the implementation of the AEOI Standard in the Marshall Islands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Marshall Islands' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Marshall Islands' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the Marshall Islands' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Marshall Islands' implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While the Marshall Islands is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

The Marshall Islands commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it send but it does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Marshall Islands:

- enacted the Automatic Exchange of Financial Account Information Act, 2016;
- relies on Chapter 5 of Title 48 of the Marshall Islands Revised Code; and
- introduced the AEOI Regulation 2016.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, the Marshall Islands is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in the Marshall Islands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Marshall Islands requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Marshall Islands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	8
Financial Accounts reported in 2021	20

Table 2 sets out the number of exchange partners to which information was successfully sent by the Marshall Islands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Marshall Islands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	1	57	59	62

In order to provide for the effective implementation of the AEOI Standard, in the Marshall Islands:

- the Secretary of Finance (representing the tax authority) and the Financial Institutions Supervision Department (the department responsible for conducting audits related to obligations under the AEOI Standard), in the Ministry of Finance, have the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Marshall Islands' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by implementing the Multi Data Exchange Solution (MDES) system for Reporting Financial Institutions to report information to the Competent Authority; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Marshall Islands' legal frameworks implementing the AEOI Standard concluded with the determination that the Marshall Islands' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Marshall Islands' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Marshall Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Marshall Islands' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Marshall Islands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Marshall Islands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Marshall Islands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Marshall Islands has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Marshall Islands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Marshall Islands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Marshall Islands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Marshall Islands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Marshall Islands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Marshall Islands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Marshall Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

The Marshall Islands' implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while the Marshall Islands is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). The Marshall Islands should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Marshall Islands implemented some of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- The Marshall Islands has put in place a strategy to effectively implement the AEOI Standard, which has now been complemented by an AEOI Reference Manual that provides high-level guidance and reference to the staff working on AEOI compliance. The compliance strategy seems to be informed by a risk assessment, which takes into account a range of relevant information sources, such as information reported by Reporting Financial Institutions, non-AEOI compliance activities performed on Financial Institutions and feedback received from peers. The Marshall Islands' compliance strategy facilitates compliance and incorporates a credible approach to enforcement.
- The Marshall Islands has worked to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the list of licensed banks and financial service providers, the list of registered entities for tax purposes and the Foreign Financial Institution list for FATCA purposes. It has also taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required. The Marshall Islands intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing the Marshall Islands' compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, the Marshall Islands has embedded its compliance functions related to the AEOI Standard into its existing compliance functions within the tax administration. Overall, there is a shared resource of five compliance staff available in the Ministry of Finance for AEOI Standard compliance when required.
- The Marshall Islands appears to have procedures in place to apply penalties and sanctions for non-compliance when it is identified. It also appears ready to take action to address the circumvention of the requirements if such circumvention is detected.
- Although the Marshall Islands' compliance strategy contemplates the verification of the completeness and accuracy of the reported information and enforcement activities, none of them have been carried out yet. So far, the Marshall Islands has carried out a risk assessment to identify the Reporting Financial Institutions that will be subject to in-depth reviews, although such reviews have not yet been carried out. This includes the activities related to the verification of self-certifications and to the monitoring of the interaction between the Marshall Islands' AML and CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard. The AEOI Reference Manual provides further guidance on how to carry out the verification activities and which elements to consider, although it does not seem to be tailored to the own context of the Marshall Islands.
- Although the Marshall Islands' Reporting Financial Institutions have not reported any undocumented accounts so far, the Marshall Islands has a plan to follow up with them when they report undocumented accounts.
- It is noted that the Marshall Islands does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Marshall Islands has carried out some communication and outreach activities, such as providing regular guidance to Reporting Financial Institutions about their obligations under the AEOI Standard and the usage of the MDES system.
Verifying that Financial Institutions are reporting as required	The Marshall Islands has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as performing matching exercises to identify its population of Reporting Financial Institutions. It has not yet identified any Financial Institutions that have incorrectly classified themselves for purposes of the AEOI Standard.
Verifying whether the information reported is complete and accurate	The Marshall Islands has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate, but has plans to do so in the near future. Furthermore, the Marshall Islands has not yet conducted in-depth audits/onsite visits, but has plans to also do so in the near future.
Enforcement	The Marshall Islands has not yet imposed penalties and sanctions.

With respect to the Financial Account information collected and sent by the Marshall Islands, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. The Marshall Islands reported that no undocumented accounts have been reported so far by its Reporting Financial Institutions and statistics in this regard seem to have been monitored.

Based on these findings it was concluded that the Marshall Islands is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to the lack of verification and enforcement activities carried out so far. The Marshall Islands should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Marshall Islands should tailor its overall compliance strategy to its own specific circumstances.

The Marshall Islands should commence its verification activities and carry out enforcement activities where non-compliance is identified.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as the Marshall Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, the Marshall Islands implemented all of the requirements in accordance with expectations. While no such notifications have yet been received, the Marshall Islands has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that the Marshall Islands is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. The Marshall Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Marshall Islands' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as the Marshall Islands exchanges information non-reciprocally, so does not receive information. The Marshall Islands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from the Marshall Islands' exchange partners did not raise any specific concerns with respect to their ability to process the information received from the Marshall Islands and therefore with respect to the Marshall Islands' implementation of these requirements. More generally, one of the Marshall Islands' exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that the Marshall Islands is addressing the issue raised.

Based on these findings it was concluded that, overall, the Marshall Islands is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to the packaging of the information. The Marshall Islands is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

The Marshall Islands should continue to work with its exchange partner to address the issue raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Marshall Islands linked to the CTS.

Based on these findings it was concluded that the Marshall Islands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Marshall Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the Marshall Islands' exchange partners did not raise any concerns with respect to timeliness of the exchanges by the Marshall Islands and therefore with respect to the Marshall Islands' implementation of this requirement.

Based on these findings it was concluded that the Marshall Islands is fully meeting expectations in relation to exchanging the information in a timely manner. The Marshall Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Marshall Islands' exchange partners did not raise any concerns with respect to the Marshall Islands' use of the agreed transmission methods and therefore with the Marshall Islands' implementation of this requirement.

Based on these findings it was concluded that the Marshall Islands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Marshall Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as the Marshall Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Marshall Islands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Marshall Islands' exchange partners and therefore with respect to the Marshall Islands' implementation of these requirements.

Based on these findings it was concluded that the Marshall Islands appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Marshall Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Mauritius

This report analyses the implementation of the AEOI Standard in Mauritius with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Mauritius' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Mauritius' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Mauritius' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Mauritius' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Mauritius is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Mauritius commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Mauritius:

- enacted Section 76 (5A) and (5B) of the Income Tax Act;
- introduced the Income Tax (Common Reporting Standard) Regulations 2016, as amended by the Income Tax (Common Reporting Standard) Regulations 2019 and GN 87/2019; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Mauritius amended its legislative framework to address issues identified, effective from 23 April 2019.

With respect to the exchange of information under the AEOI Standard, Mauritius is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Mauritius that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Mauritius requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Mauritius' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 891
Financial Accounts reported in 2021	334 377

Table 2 sets out the number of exchange partners to which information was successfully sent by Mauritius in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Mauritius' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	58	65	69	74

In order to provide for the effective implementation of the AEOI Standard, in Mauritius:

- the Mauritius Revenue Authority (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Mauritius' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the Mauritius Revenue Authority, which ensure the validation of the data reported by Financial Institutions before it is exchanged with Mauritius' exchange partners; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Mauritius' legal frameworks implementing the AEOI Standard concluded with the determination that Mauritius' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Mauritius' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Mauritius are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Mauritius' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Mauritius has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Mauritius has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Mauritius has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Mauritius has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Mauritius' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Mauritius' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Mauritius and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Mauritius has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Mauritius put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Mauritius' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Mauritius are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Mauritius' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Mauritius is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Mauritius implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Mauritius implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account relevant information sources, such as the analysis of data submitted by Reporting Financial Institutions, compliance questionnaires and additional information provided by the Financial Services Commission. Mauritius' compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Mauritius intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Mauritius has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the list of entities licensed by the Bank of Mauritius, the Foreign Financial Institution list for FATCA purposes and the lists of licensed management companies and trustees from the Financial Services Commission (the regulator of the non-bank financial markets of Mauritius). Mauritius is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting as required. Mauritius intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Mauritius' compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Mauritius has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Mauritius effectively enforces the requirements, including through conducting desk-based and onsite visits, the inspection of records of Reporting Financial Institutions as well as through follow-up visits, and that Mauritius applies penalties and sanctions in relation to Reporting Financial Institutions that failed to report information or that were late in reporting information. It also appears that Mauritius is ready to take effective action to address circumvention of the requirements if such circumvention is detected. It was noted that Mauritius has taken effective action to ensure self-certifications are obtained as required and effectively follows up on undocumented accounts.
- Mauritius will also keep its jurisdiction-specific Excluded Account category of dormant accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes (Mauritius does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Mauritius has carried out substantial communication and outreach activities, such as maintaining and updating a dedicated website on the AEOI Standard, publishing guidance notes and answers to Frequently Asked Questions and conducting dedicated workshops with the industry representatives.
Verifying that Financial Institutions are reporting as required	Mauritius has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the list of entities licensed by the Bank of Mauritius, the Foreign Financial Institution list for FATCA purposes and the lists of licensed management companies and trusts maintained by the Financial Services Commission. Mauritius identified some Financial Institutions incorrectly not reporting due to the incorrect interpretation of their qualification under the AEOI Standard. This issue has now been resolved and, where it resulted in late filings, penalties were applied.

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	Mauritius has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Mauritius has conducted some onsite visits. It accordingly identified many issues, commonly concerning wrong entity classification and wrongly reported undocumented accounts. These issues have been followed up on and, in the instances where the issue was not satisfactorily resolved, penalties were applied.
Enforcement	Following the activities mentioned above, Mauritius has started imposing penalties and sanctions in relation to Reporting Financial Institutions that failed to report information or that were late in reporting information.

With respect to the Financial Account information collected and sent by Mauritius, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. Information provided by Mauritius showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institution to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced over time. Follow-up discussions confirmed that Mauritius is aware of this issue and is taking steps to address it.

Feedback was also received from Mauritius' exchange partners, indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively lower level of success when seeking to match information received from Mauritius with their taxpayer database. While some exchange partners highlighted issues with respect to the information received, such as invalid Tax Identification Numbers, it was noted that most of the issues pertain to earlier reporting years and now more regular checks are being performed by Mauritius. One exchange partner highlighted particular issues related to variations in the amount of data sent between different reporting periods, but these issues have already been resolved. Follow-up discussions confirmed that Mauritius is aware of the remaining issues and is taking steps to address them.

Based on these findings it was concluded that, overall, Mauritius is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to addressing the issues raised by its exchange partners. Mauritius is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Mauritius should continue to work with its exchange partners to address the issues raised.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Mauritius implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Mauritius received a notification from one partner and successfully processed them in a timely manner, resolving the issues raised. It also appears that Mauritius will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Mauritius is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Mauritius is therefore encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

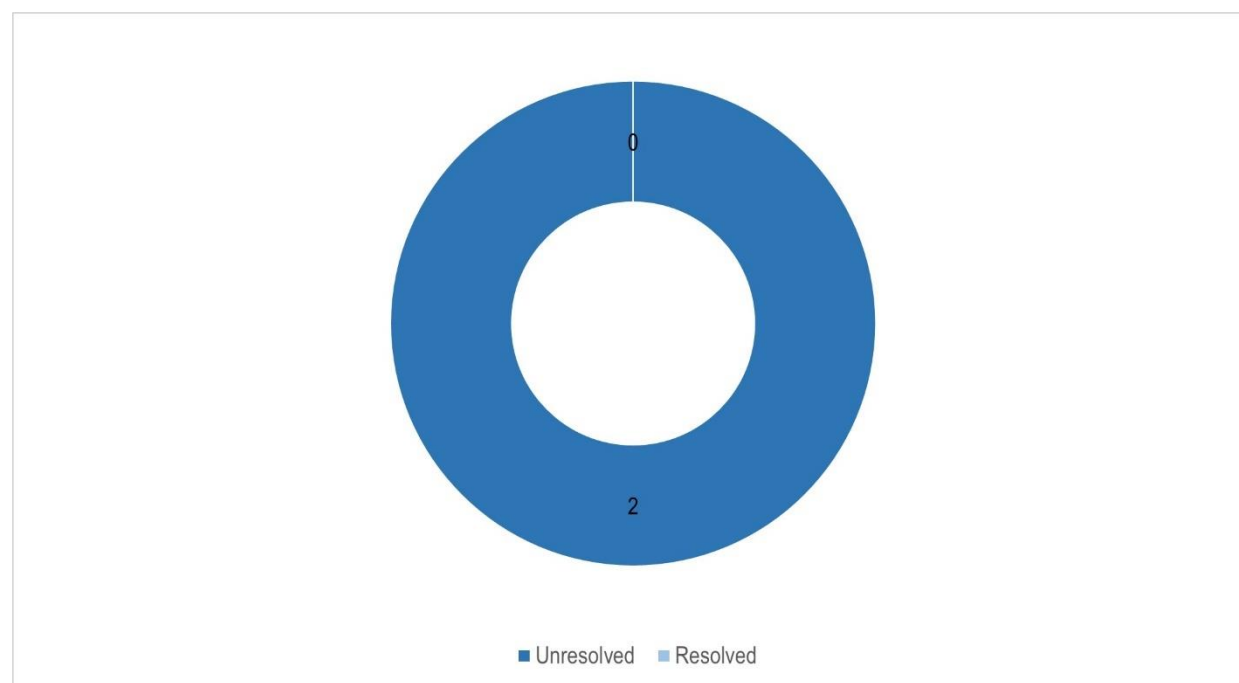
Mauritius' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Mauritius has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Mauritius (representing 3% of its partners). These generally related to file rejections due to record errors and referencing issues. More generally, eight (or 11%) of Mauritius' exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions. It was noted that many of the issues raised pertain to earlier reporting years, after which Mauritius updated its reporting system to prevent them from occurring again. Mauritius is also in the process of addressing the remaining issues.

Figure 1. Technical issues raised by Mauritius' exchange partners



Based on these findings it was concluded that, overall, Mauritius is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to file errors. Mauritius is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Mauritius should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Mauritius linked to the CTS

Based on these findings it was concluded that Mauritius is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Mauritius is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Mauritius' exchange partners did not raise any concerns with respect to timeliness of the exchanges by Mauritius and therefore with respect to Mauritius' implementation of this requirement.

Based on these findings it was concluded that Mauritius is fully meeting expectations in relation to exchanging the information in a timely manner. Mauritius is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Mauritius' exchange partners did not raise any concerns with respect to Mauritius' use of the agreed transmission methods and therefore with Mauritius' implementation of this requirement.

Based on these findings it was concluded that Mauritius is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Mauritius is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Mauritius. It was noted that Mauritius appears to be successfully addressing the issue to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Mauritius is fully meeting expectations in relation to the receipt of the information. Mauritius is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Mauritius appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Mauritius' exchange partners.

Based on these findings it was concluded that Mauritius appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Mauritius is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Mexico

This report analyses the implementation of the AEOI Standard in Mexico with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Mexico's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Mexico's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Mexico's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Mexico's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Mexico commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Mexico:

- relies on Article 32-B Bis of the Mexican Tax Code; and
- enacted Annex 25-Bis of the Mexican Administrative Tax Regulations, which were amended in 2022.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Mexico made various amendments to its legislative framework to address issues identified, the last of which was effective from 13 January 2022.

With respect to the exchange of information under the AEOI Standard, Mexico:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place a bilateral agreement.¹

Table 1 sets out the number of Financial Institutions in Mexico that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Mexico requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Mexico's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	93
Financial Accounts reported in 2021	93 057

Table 2 sets out the number of exchange partners to which information was successfully sent by Mexico in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Mexico's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	60	67	67	73

In order to provide for the effective implementation of the AEOI Standard, in Mexico:

- the *Servicio de Administración Tributaria* (SAT, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Mexico's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by establishing several channels through which Reporting Financial Institutions can submit information to the Competent Authority, including an electronic channel and the possibility to submit reports face-to-face for nil reports, as well as validation processes for the information received; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Mexico's legal frameworks implementing the AEOI Standard concluded with the determination that Mexico's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Mexico's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Mexico are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Mexico's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Mexico has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Mexico has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Mexico has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Mexico has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Mexico's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Mexico's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Mexico and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Mexico has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Mexico put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Mexico's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Mexico are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Mexico's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are significant issues in relation to Mexico ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Mexico should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Mexico implemented some of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Mexico's compliance strategy has focused on education and communication, such as through regular meetings held by the SAT with the financial sector and the publication of guidance on the SAT webpage to provide assistance to Financial Institutions with their obligations under the AEOI Standard. Validations of the information reported have also been conducted.
- Mexico has identified some risks relevant for the identification of Reporting Financial Institutions not reporting information as required. However, Mexico does not appear to have a systematic and comprehensive risk assessment approach to inform its compliance strategy.
- Mexico has taken steps to understand its population of Reporting Financial Institutions, including relevant non-regulated entities, utilising relevant information sources, such as the lists of regulated entities maintained by the National Banking and Securities Commission (CNBV) and the Ministry of Finance and Public Credit (SHCP) and the list of entities maintained by the System of Registry of Financial Service Providers (SIPRES), as well as the Foreign Financial Institution list for FATCA purposes. Mexico is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and seems to be ensuring that they report information as required. Mexico intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The SAT, the institution responsible for implementing Mexico's compliance strategy, appears to have the necessary powers to discharge its functions. In terms of resourcing, the SAT has assigned the equivalent of 15 full time staff to work on matters related to the AEOI Standard and other AEOI initiatives, including activities related to communications, facilitating reporting, validation and exchanges. It appears that these resources have access to IT systems to perform risk assessments. The auditing areas of the SAT will be in charge of the verification activities, with the support of the EOI Unit.
- The SAT has some activities planned to verify compliance with the AEOI Standard, which consists of accessing and reviewing records held by Reporting Financial Institutions. However, Mexico has not yet implemented many aspects of its compliance strategy. While it has carried out some validations of the information received to identify areas for further follow-up, it has not yet conducted in-depth reviews, onsite visits or inspections of records held by Reporting Financial Institutions, including to ensure that the interaction between its AML and AEOI frameworks result in information being collected and reported in accordance with the AEOI Standard.
- Mexico appears to have a plan to ensure that self-certifications are obtained as required, although it has not yet been carried out and it does not appear to have a particular focus on self-certifications that have been obtained after the opening of a Financial Account. Mexico does not have procedures to take effective action to address circumvention of the AEOI Standard if such circumvention is detected. Mexico has carried out some limited analysis related to undocumented accounts, although it does not seem to have a clear plan to follow up with Reporting Financial Institutions that report undocumented accounts.
- Mexico recently amended its legal framework to modify the penalties applicable for non-compliance with the AEOI Standard. Mexico also appears to have developed procedures to apply penalties and sanctions for non-compliance when identified.
- Mexico has monitored its jurisdiction-specific list of Excluded Accounts to ensure it continues to pose a low risk of being used for tax evasion purposes, by holding meetings with industry representatives and monitoring that the proportion of these accounts held by non-residents has not increased.
- It is noted that Mexico does not have a jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Mexico has carried out some communication and outreach activities, such as by publishing relevant information on its website to provide guidance to Financial Institutions about their obligations under the AEOI Standard and by holding regular meetings with representatives of financial industry associations.
Verifying that Financial Institutions are reporting as required	Mexico has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as taking steps to identify its population of Reporting Financial Institutions, performing verifications of the information reported to identify Financial Institutions that did not report when they should have and contacting them via letters.
Verifying whether the information reported is complete and accurate	Mexico has performed initial verifications of the information reported by Reporting Financial Institutions to identify cases that will be subject to more in-depth analysis. However, Mexico has not yet carried out such in-depth verifications through desk-based checks or onsite visits to verify whether the information being reported is complete and accurate.
Enforcement	Mexico has not yet imposed penalties and sanctions.

With respect to the Financial Account information collected and sent by Mexico, the presence of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. Mexico stated that no undocumented accounts were reported, although it is unclear whether it monitors statistics in this regard.

Feedback was also received from Mexico's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively lower level of success when seeking to match information received from Mexico with their taxpayer database.

Based on these findings it was concluded that Mexico is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to implementing plans to carry out verification activities and to ensuring that there is an appropriate scope of verification activities. Mexico should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Mexico should further develop its overarching compliance strategy to underpin its compliance activities, informed by a risk assessment that takes into account a range of relevant information sources.

Mexico should implement its framework and take appropriate actions to verify that Reporting Financial Institutions are effectively implementing the AEOI Standard and are reporting complete and accurate information, including in-depth reviews and reviewing the records they hold. This should include ensuring that the interaction between its AML and AEOI frameworks results in the collection and reporting of information under the AEOI Standard in accordance with the requirements.

Mexico should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Mexico should further develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Mexico should implement mechanisms to identify Reporting Financial Institutions that report undocumented accounts and put in place a clearly defined policy to follow up with them to ensure that the requirements are being complied with.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Mexico implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Mexico received a notification from one partner and successfully processed it in a timely manner, resolving the issue raised. It appears that Mexico will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Mexico is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Mexico is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

Mexico's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Mexico is meeting expectations with respect to the transmission methods of the information (SR 2.5 and SR 2.7), correctly transmitting the information and in a timely manner (SR. 2.6) and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to Mexico sorting, preparing and validating the information (SR 2.4) and sending status messages in a timely manner (SR 2.8). Mexico should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

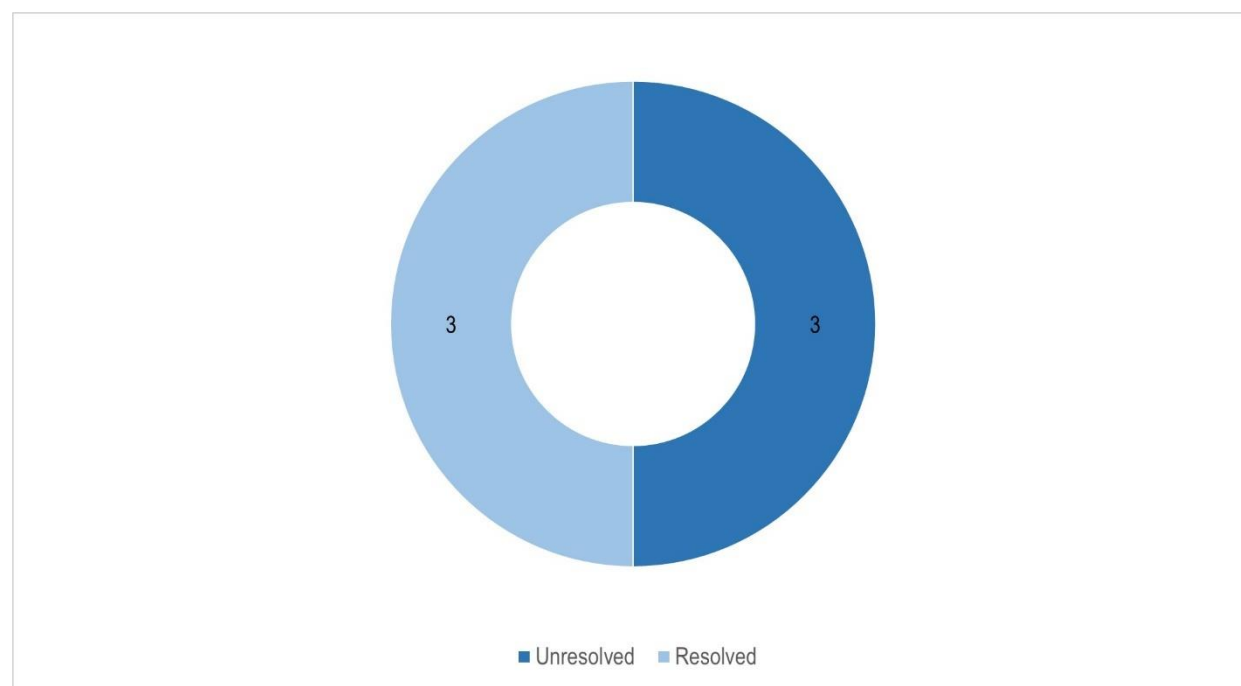
SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Six exchange partners highlighted particular issues with respect to the preparation and format of the information sent by Mexico (representing 8% of its partners). These generally related to files and record errors in the information received, as well as the rejection of files. More generally, eight (or 11%) of Mexico's exchange partners reported rejecting more than 25% of the files received, of which four (or 5%) reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions, although it has reduced over time. It

was noted that Mexico is working to resolve the issues raised, has contacted some of the partners and will contact the remaining ones. Many of the issues are still to be addressed.

Figure 1. Technical issues raised by Mexico's exchange partners



Based on these findings it was concluded that Mexico is partially meeting expectations in relation to sorting, preparing and validating the information. More specifically, significant issues have been identified, including with respect to sorting, preparing and validating the information to be sent to exchange partners. Mexico should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Mexico should continue to work with its exchange partners to address the issues raised.

Mexico should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Mexico linked to the CTS.

Based on these findings it was concluded that Mexico is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Mexico is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Mexico's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Mexico and therefore with respect to Mexico's implementation of this requirement.

Based on these findings it was concluded that Mexico is fully meeting expectations in relation to exchanging the information in a timely manner. Mexico is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Mexico's exchange partners did not raise any concerns with respect to Mexico's use of the agreed transmission methods and therefore with Mexico's implementation of this requirement.

Based on these findings it was concluded that Mexico is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Mexico is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Five exchange partners highlighted delays in the sending of status messages by Mexico, representing 5% of its partners. This represents a relatively high proportion of partners and has not improved over time. Furthermore, two exchange partners (or 2%) highlighted issues with respect to the contents of the status messages received from Mexico, in particular the error codes used that appeared not to be in line with the CRS Status Message XML Schema User Guide. It was noted that Mexico has updated its system to ensure status messages are sent in a timely manner and to improve the quality of the status messages sent, including the use of error codes for rejections, and is working with its exchange partners to solve the issues raised.

Based on these findings it was concluded that Mexico is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to the timely sending of status messages. Mexico should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Mexico should ensure it sends status messages to all of its exchange partners in a timely manner.

Mexico should continue to engage with its exchange partners to address the issues raised.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the

Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Mexico is ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Mexico's exchange partners and therefore with respect to Mexico's implementation of these requirements.

Based on these findings it was concluded that Mexico is fully meeting expectations in relation to having the procedures to respond to notifications from exchange partners and the sending of corrected, amended or additional information. Mexico is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The updates made to our system in the last years included new approaches with our Financial Institutions Subject to Report in order to transmit better information. We asked to our exchange partners to make an effort to send us valid data, such as TIN, IN and DOB, because they are valuable elements for our jurisdiction since we use these elements to make our matches with the databases available within the Administration and thus identify and schedule tax audits of our taxpayers.

Note

¹ With Hong Kong (China).

Monaco

This report analyses the implementation of the AEOI Standard in Monaco with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Monaco's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Monaco's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Monaco's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Monaco's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Monaco is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Monaco commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Monaco:

- enacted *Ordonnance souveraine (O.S.) n°6.208*, as modified by O.S. n°8.934, *Loi n°1.444 portant diverses mesures en matière de protection des informations nominatives et de confidentialité dans le cadre de l'échange automatique de renseignements en matière fiscale*;
- introduced *Loi n°1.445 portant diverses mesures relatives à la prescription et aux sanctions pénales applicables en matière d'échange automatique de renseignements en matière fiscale*; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Monaco amended its legislative framework to address an issue identified, effective from 4 December 2021.

With respect to the exchange of information under the AEOI Standard, Monaco:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- has in place an agreement with the European Union.

Table 1 sets out the number of Financial Institutions in Monaco that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Monaco requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Monaco's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	58
Financial Accounts reported in 2021	107 818

Table 2 sets out the number of exchange partners to which information was successfully sent by Monaco in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Monaco's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	34	58	63	65

In order to provide for the effective implementation of the AEOI Standard, in Monaco:

- the *Direction des services fiscaux* (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Monaco's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place via an AEOI portal, which allows for submission of CRS XML files or completion of an online form. The system carries out validation checks to ensure the information is submitted in line with the requirements; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Monaco's legal frameworks implementing the AEOI Standard concluded with the determination that Monaco's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Monaco's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Monaco are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Monaco's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Monaco has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Monaco has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Monaco has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Monaco has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Monaco's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Monaco's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Monaco and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Monaco has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Monaco put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Monaco's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Monaco are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Monaco's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Monaco is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Monaco implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Monaco implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as reviews of the data reported by Financial Institutions, information obtained from Monaco's National Review of AML risks and information obtained from engagement with partners. Monaco's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Monaco intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Monaco has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of supervised of financial institutions, the Foreign Financial Institution list for FATCA purposes and information obtained under Monaco's economic activity registration requirement. Monaco is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Monaco intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Monaco's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Monaco has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments, including an IT system to conduct risk assessments by analysing the financial account information reported. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Monaco effectively enforces the requirements, including through desk-based checks and in-depth audits which include the inspection of records of Reporting Financial Institutions. Monaco has not yet applied its penalties and sanctions for non-compliance. It also appears that Monaco is ready to take effective action to address the circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- It is noted that Monaco does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Monaco has carried out some communication and outreach activities, such as holding meetings with industry, issuing letters to Financial Institution including reminders of their reporting obligations, and publishing detailed guidance and answers to Frequently Asked Questions.
Verifying that Financial Institutions are reporting as required	Monaco has carried out a significant number of verification activities to ensure that Financial Institutions are reporting as required, such as implementing a nil reporting requirement and annually cross-checking Reporting Financial Institutions against regulatory lists of supervised Financial Institutions, the Foreign Financial Institution list for FATCA purposes and information obtained under Monaco's economic activity registration requirement. Monaco has identified no Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	Monaco has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Monaco has conducted some in-depth audits. Monaco has not yet conducted onsite visits, but has plans to do so in the near future. It accordingly identified some issues, commonly concerning failures to

Activity type	Activities undertaken
Enforcement	<p>report identifying information, even where this has been held. It is following up on these issues with a view to ensuring future compliance.</p> <p>Following the activities mentioned above, Monaco has not yet imposed penalties and sanctions, but has plans to do so in the near future. It is monitoring the impact of the penalties and sanctions with a view to ensuring future compliance.</p>

With respect to the Financial Account information collected and sent by Monaco, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. Monaco has been unable to receive undocumented accounts automatically through its AEOI portal, although it has introduced this functionality for reports submitted by Reporting Financial Institutions from 2022. In the interim, Monaco has engaged with all Reporting Financial Institutions on the issue of undocumented accounts to ensure that they have a correct understanding of the definition and when they should be reported.

One exchange partner highlighted issues with respect to the information received, such as a small number of accounts with no or incorrect addresses. Follow-up discussions confirmed that Monaco is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Monaco indicated that they achieved a success rate when matching the information received from Monaco with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Monaco is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Monaco is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Monaco implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Monaco has the necessary systems and procedures to process them as required. It also appears that Monaco will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Monaco is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Monaco is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Monaco's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Monaco is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Monaco's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Monaco and therefore with respect to Monaco's implementation of these requirements. More generally, none of Monaco's exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions.

Based on these findings it was concluded that Monaco is fully meeting expectations in relation to sorting, preparing and validating the information. Monaco is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Monaco linked to the CTS.

Based on these findings it was concluded that Monaco is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Monaco is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Monaco's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Monaco and therefore with respect to Monaco's implementation of this requirement.

Based on these findings it was concluded that Monaco is fully meeting expectations in relation to exchanging the information in a timely manner. Monaco is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Monaco's exchange partners did not raise any concerns with respect to Monaco's use of the agreed transmission methods and therefore with Monaco's implementation of this requirement.

Based on these findings it was concluded that Monaco is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Monaco is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Monaco. It was noted that Monaco has successfully addressed the issue to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Monaco is fully meeting expectations in relation to the receipt of the information. Monaco is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Monaco appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Monaco's exchange partners and therefore with respect to Monaco's implementation of these requirements.

Based on these findings it was concluded that Monaco appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Monaco is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Montserrat

This report analyses the implementation of the AEOI Standard in Montserrat with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Montserrat's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Montserrat's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Montserrat's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Montserrat's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Montserrat commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2017 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Montserrat:

- enacted the Tax Information Exchange Act; and
- introduced the Tax Information Exchange (FATCA Agreement) (UK IGA) (CRS) (Montserrat) (Implementation) Regulations 2016, as amended in 2019.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Montserrat amended its legislative framework to address issues identified, effective from 5 July 2019.

With respect to the exchange of information under the AEOI Standard, Montserrat:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place a bilateral agreement.²

Table 1 sets out the number of Financial Institutions in Montserrat that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Montserrat requires the reporting of Financial Accounts held by all non-residents some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Montserrat's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	4
Financial Accounts reported in 2021	1 713

Table 2 sets out the number of exchange partners to which information was successfully sent by Montserrat in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Montserrat's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	12	16	60	(delayed)

In order to provide for the effective implementation of the AEOI Standard, in Montserrat:

- the Comptroller of Inland Revenue (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Montserrat's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the Comptroller of Inland Revenue, which ensure the validation of the data reported by Financial Institutions before it is exchanged with Montserrat's exchange partners; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Montserrat's legal frameworks implementing the AEOI Standard concluded with the determination that Montserrat's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Montserrat's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Montserrat are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Montserrat's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Montserrat has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Montserrat has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Montserrat has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Montserrat has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Montserrat's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Montserrat's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Montserrat and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Montserrat has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Montserrat put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Montserrat's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

The assessment presented in this report is accepted. However, notwithstanding the Confidentiality and Data Security assessment, Montserrat continues to be committed to ensuring that there is transparency in the tax systems and to exchange information with other partners where required. We continue to work with the United Kingdom to complete the required review and corresponding action plan. This will enable Montserrat to meet all of the international Confidentiality and Data Safeguard standards.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Montserrat are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Montserrat's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in relation to Montserrat ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6). Montserrat should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Montserrat implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Montserrat lacks an overarching compliance strategy and a risk assessment to ensure that Financial Institutions have correctly implemented the requirements under the AEOI Standard in practice. This includes the lack of defined procedures to review and verify compliance. Furthermore, in practice, no dedicated AEOI-related compliance activities have yet been undertaken. There also does not appear to be a formalised plan or activity undertaken to ensure that the interaction between Montserrat's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- Montserrat has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes and the records of registered entities at the company and business names register of the Financial Services Commission. While reminders to report have been sent, Montserrat does not appear to be taking any further action to ensure Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required.
- Montserrat allocated financial and human resources to the Exchange of Information unit at the Comptroller of Inland Revenue, although the adequacy of its resourcing is unclear.
- Montserrat did not demonstrate how it verifies compliance by Reporting Financial Institutions, such as through desk-based checks or in-depth reviews that include the review of the records held by Reporting Financial Institutions, nor how it effectively addresses non-compliance. There are also no clearly defined procedures in place and effective actions taken to ensure self-certifications are obtained as required.
- Montserrat also does not have clearly defined procedures to follow up with Reporting Financial Institutions when undocumented accounts are reported, nor does it have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- Montserrat will monitor the application of its one category of jurisdiction-specific Excluded Account (dormant accounts) as part of its more general monitoring activities (it does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Montserrat has not yet carried out substantial communication and outreach activities and does not have clearly defined plans to do so in the near future.
Verifying that Financial Institutions are reporting as required	Montserrat has carried out some verification activities to identify whether Financial Institutions are reporting as required, such as comparing as the FATCA list of registered entities and the records of registered entities at the Company and business names register of the Financial Services Commission. Montserrat identified no Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	Montserrat has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate, and there is no clearly defined plan to do so in the near future. Furthermore, Montserrat has not yet conducted in-depth audits and there are no clearly defined

Activity type	Activities undertaken
Enforcement	plans to do so in the near future. Following the activities mentioned above, Montserrat has not yet imposed penalties and sanctions and there are not clearly defined plans to do so in the near future.

Montserrat was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Montserrat was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Based on these findings it was concluded that Montserrat is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to lacking an effective compliance strategy and not implementing an effective enforcement framework to address non-compliance by Reporting Financial Institutions. Montserrat should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Montserrat should develop and implement a documented and overarching compliance plan, informed by a risk assessment, to underpin its compliance activities, including actively monitoring the interaction between its AML framework and its CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard.

Montserrat should put in place and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions and take enforcement activities where non-compliance is identified.

Montserrat should develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Montserrat should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

Montserrat should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Montserrat should develop and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Montserrat exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Montserrat has not yet implemented the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations, although no such notifications have yet been received.

Based on these findings it was concluded that Montserrat is not meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Montserrat is encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Montserrat should develop and implement procedures to respond to notifications received under Section 4 of the MCAA or equivalent.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Non-Compliant

Montserrat's implementation of the AEOI Standard is non-compliant with respect to exchanging the information effectively in practice and in a timely manner. Fundamental issues were identified, as Montserrat has still not undertaken the exchanges that should have taken place in 2021 (SR 2.6). Notwithstanding that, Montserrat appears on track with the other requirements as it linked to the Common Transmission System and commenced exchanges, including sorting, preparing and validating the information as required (SRs 2.4, 2.5 and 2.7) and appears ready to send corrections, amendments and additions if needed (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Montserrat exchanges information non-reciprocally, so does not receive information.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

While the exchanges due in 2021 are yet to take place, for the previous exchange cycle, Montserrat's exchange partners reported rejecting only a low number of files received when compared to other jurisdictions. More specifically, in the previous exchange cycle, one of Montserrat's exchange partners reported rejecting more than 50% of the files received, due to the technical requirements not being met and the issues appear to have been successfully addressed.

Based on these findings it was concluded that Montserrat is fully meeting expectations in relation to sorting, preparing and validating the information. Montserrat is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Montserrat linked to the CTS.

Based on these findings it was concluded that Montserrat is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Montserrat is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

While Montserrat exchanged information for reporting periods 2017, 2018 and 2019 in calendar year 2020, it has subsequently faced significant technical issues and has consequently not yet carried out the exchanges that were due to take place in 2021.

Based on these findings it was concluded that Montserrat is not meeting expectations in relation to exchanging the information in a timely manner. More specifically, fundamental issues have been with respect to the timeliness of exchanges. Montserrat should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Montserrat should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Montserrat's exchange partners did not raise any concerns with respect to Montserrat's use of the agreed transmission methods and therefore with Montserrat's implementation of this requirement.

Based on these findings it was concluded that Montserrat is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Montserrat is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Montserrat exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

While it is unclear whether Montserrat's approach will ensure that corrected, amended or additional information is provided in a timely manner, it has not been tested and no such concerns were raised by Montserrat's exchange partners in previous years and therefore with respect to Montserrat's implementation of these requirements.

Based on these findings it was concluded that Montserrat appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Montserrat is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Through a territorial extension by the United Kingdom.

² With the United Kingdom.

Nauru

This report analyses the implementation of the AEOI Standard in Nauru with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Nauru's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Nauru's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Nauru's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Nauru's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Nauru is encouraged to continue to its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Nauru committed to commence exchanges under the AEOI Standard in 2018 on a non-reciprocal basis. As there does not appear to be any Reporting Financial Institutions in Nauru, no information has yet been reported domestically in Nauru for exchange. Nauru has therefore also not yet needed to exchange information under the AEOI Standard.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Nauru:

- enacted the Automatic Exchange of Financial Account Information Act 2016; and
- introduced the Automatic Exchange of Financial Account Information Regulations 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Nauru is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017.

In order to provide for the effective implementation of the AEOI Standard, in Nauru:

- the Nauru Revenue Office (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Nauru's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions have not yet needed to be put in place; and
- a transmission method has also not yet needed to be put in place.

It should be noted that the review of Nauru's legal frameworks implementing the AEOI Standard concluded with the determination that Nauru's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Nauru's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Nauru are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Nauru's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Nauru has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Nauru has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Nauru has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Nauru has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Nauru's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Nauru's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Nauru and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Nauru has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Nauru put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Nauru's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Nauru are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Nauru's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. In the case of Nauru, this consists of ensuring effectiveness in a domestic context by having an effective administrative compliance framework, specifically to identify Reporting Financial Institutions. Nauru is encouraged to continue to monitor whether there are Reporting Financial Institutions in Nauru to ensure the ongoing effectiveness of its implementation.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;

- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Nauru implemented all of the necessary requirements in accordance with expectations. The key findings are set out below.

Nauru requires the comprehensive registration of entities in Nauru, as well as partnerships and trusts. There is also a requirement for there to be a domestic physical presence of shareholders, partners or settlors/trustees. It has taken this into account, along with the registration information maintained by the Department of Justice and Border Control (the national registrar in Nauru), and the tax registration and returns information of the Nauru Revenue Office to identify the population of Reporting Financial Institutions in Nauru. Furthermore, Nauru has cross-checked the Foreign Financial Institution list for FATCA purposes and it does not include any Financial Institution from Nauru. It is for these reasons that, despite having the legal obligations in place, no information has been reported in Nauru. Finally, Nauru has confirmed that it will continue to monitor whether any Reporting Financial Institutions become located in Nauru in the future.

Based on these findings it was concluded that Nauru is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Nauru is encouraged to continue to monitor whether it has any Reporting Financial Institutions to ensure the ongoing effectiveness in its implementation of the AEOI Standard.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru. Furthermore, it should be noted that, as Nauru exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 has therefore not been assessed in this case.

Recommendations:

Not applicable.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Nauru's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice as, to date, Nauru has not needed to exchange information under the AEOI Standard. Nauru is encouraged to ensure it will be able to exchange information effectively in practice if and when it is needed.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru. SR 2.4 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru and Nauru exchanges information on a non-reciprocal basis and does not therefore receive information. It therefore does not need to agree transmission methods with its partners. SR 2.5 has therefore not been assessed in this case

Recommendations:

Not applicable.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru. SR 2.6 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru. SR 2.7 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru. SR 2.8 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Nauru has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Nauru. SR 2.9 has therefore not been assessed in this case.

Recommendations:

Not applicable.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Netherlands

This report analyses the implementation of the AEOI Standard in the Netherlands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Netherlands' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Netherlands' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all the Netherlands' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Netherlands' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). The Netherlands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

The Netherlands commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Netherlands:

- introduced the Decree of 23 December 2015 (Common Reporting Standard Identification and Reporting Requirements (Implementation) Decree);
- introduced the Ministerial Order on the Common Reporting Standard made on 30 December 2015;
- amended the International Assistance (Levying of Taxes) Act and Money Laundering and Terrorist Financing (Prevention) Act (Implementation) Decree 2018 and further amended it in 2021; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Netherlands amended its legislative framework to address an issue identified, effective from 1 January 2022.

With respect to the exchange of information under the AEOI Standard, the Netherlands:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Union Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation, as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries¹; and
- put in place three bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the Netherlands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Netherlands requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Netherlands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	578
Financial Accounts reported in 2021	2 331 082

Table 2 sets out the number of exchange partners to which information was successfully sent by the Netherlands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Netherlands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	61	65	68	70

In order to provide for the effective implementation of the AEOI Standard, in the Netherlands:

- the Tax and Customs Administration of the Ministry of Finance (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Netherlands' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by implementing an electronic channel for reporting and

systems to validate received XML files against the CRS schema and to manage notifications (NAS); and

- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Netherlands' legal frameworks implementing the AEOI Standard concluded with the determination that the Netherlands' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Netherlands' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Netherlands are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Netherlands' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Netherlands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Netherlands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Netherlands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Netherlands has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Netherlands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Netherlands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Netherlands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Netherlands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Netherlands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Netherlands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Netherlands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The Netherlands' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The Netherlands is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions; and
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain.
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Netherlands implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- The Netherlands implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as internal tax information from taxpayers and administrators from several areas in the tax administration, data reported and notifications from exchange partners.
- The Netherlands has worked to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources. These include self-registration, contact with account managers for banks and insurance companies, the registers of entities regulated by the Authority for the Financial Markets (AFM) and the Dutch National Bank (DNB), the Foreign Financial Institution list for FATCA purposes, information from the tax authority Internet Computer Service Centre and results of the onsite visits. The Netherlands ensures that Reporting Financial Institutions are classifying themselves correctly under their domestic rules and reporting information as required. The Netherlands intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Directorate-General for the Tax Administration, responsible for implementing the Netherlands' compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, reporting under the AEOI Standard was integrated into other processes in the tax administration and several departments contribute to monitor and ensure compliance by Reporting Financial Institutions. This translates into an equivalent of around seven full time staff, complemented by staff from the Financial Institutions unit that supervises some Reporting Financial Institutions. The Financial Institutions unit is also being expanded to include specialists for the AEOI Standard. The staff have access to IT systems and tools to conduct risk assessments (e.g. planned communication spaces with Financial Institutions, tax reporting platform). Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- The Netherlands' compliance strategy is based on a horizontal monitoring approach that relies heavily on early and ongoing engagement and communication with Financial Institutions to ensure compliance and reviews of their internal control measures to ensure compliance, including through onsite visits. The Netherlands has already conducted such compliance activities in practice. However, while they are planned, no audits have yet been conducted of underlying due diligence documentation in relation to specific Financial Accounts (e.g. the evidence relied upon when carrying out the due diligence procedures). Furthermore, activities have not yet been undertaken to ensure that the interaction between the Netherlands AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- The Netherlands intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis. The Netherlands plans to use the results of the onsite visits to assess if the horizontal monitoring approach has been effective in ensuring compliance and to verify if the due diligence rules in non-binding guidance are being applied.

- The Netherlands incorporates a credible approach to enforcement consisting of assisting the Financial Institutions to provide the required information after non-compliance is identified and, in some cases, a formal letter from the tax administration is issued. The Netherlands analyses the reasons for non-compliance and acts to promote and enforce future compliance. These steps have been sufficient to rectify the issue in all cases so far and no penalties have had to be imposed, but additional enforcement procedures are in place.
- The Netherlands plans to take action to address circumvention of the requirements if such circumvention is detected. The Netherlands also has plans to include the monitoring of all undocumented accounts in its compliance plan.
- The Netherlands will keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Netherlands has carried out substantial communication and outreach activities, such as maintaining updated information on its webpage, technical consultation with representatives of Financial Institutions, allowing the testing of its reporting environment and providing a dedicated contact center.
Verifying that Financial Institutions are reporting as required	The Netherlands has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as preemptively checking for outstanding reports and identifying some Financial Institutions incorrectly not reporting. They were contacted to ensure they fulfil their obligations.
Verifying whether the information reported is complete and accurate	The Netherlands has conducted some desk-based checks to verify whether the information being reported is complete and accurate, focusing on its largest Reporting Financial Institutions. Furthermore, the Netherlands has conducted some onsite visits. It accordingly identified some issues, commonly concerning accounts that were not reported. It followed up on these issues, solving the technical problems identified and the accounts were exchanged with its peers. The Netherlands has plans to continue conducting onsite visits, including coordinated audits with the tax authority, DNB and the AFM.
Enforcement	Following the activities mentioned above, the Netherlands has not yet imposed penalties and sanctions, as compliance has been achieved through the cooperative approach.

With respect to the Financial Account information collected and sent by the Netherlands, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Two exchange partners highlighted issues with respect to the information received, such as missing accounts. Follow-up discussions confirmed that the Netherlands is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from the Netherlands indicated that they achieved a success rate when matching the information received from the Netherlands with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, the Netherlands is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also

noted that there is room for improvement with respect to fully implementing its review plans and following up with Reporting Financial Institutions that report undocumented accounts. The Netherlands should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Netherlands should further implement its verification activities to include the inspection of the records held by Reporting Financial Institutions of the evidence relied upon by Reporting Financial Institutions.

The Netherlands should actively monitor the interaction between its AML and AEOI frameworks to ensure that the collection and reporting of information under the AEOI Standard is in accordance with the requirements.

The Netherlands should implement a clearly defined policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that the Netherlands implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Netherlands has the necessary systems and procedures to process them as required. It also appears that the Netherlands will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that the Netherlands is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Netherlands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

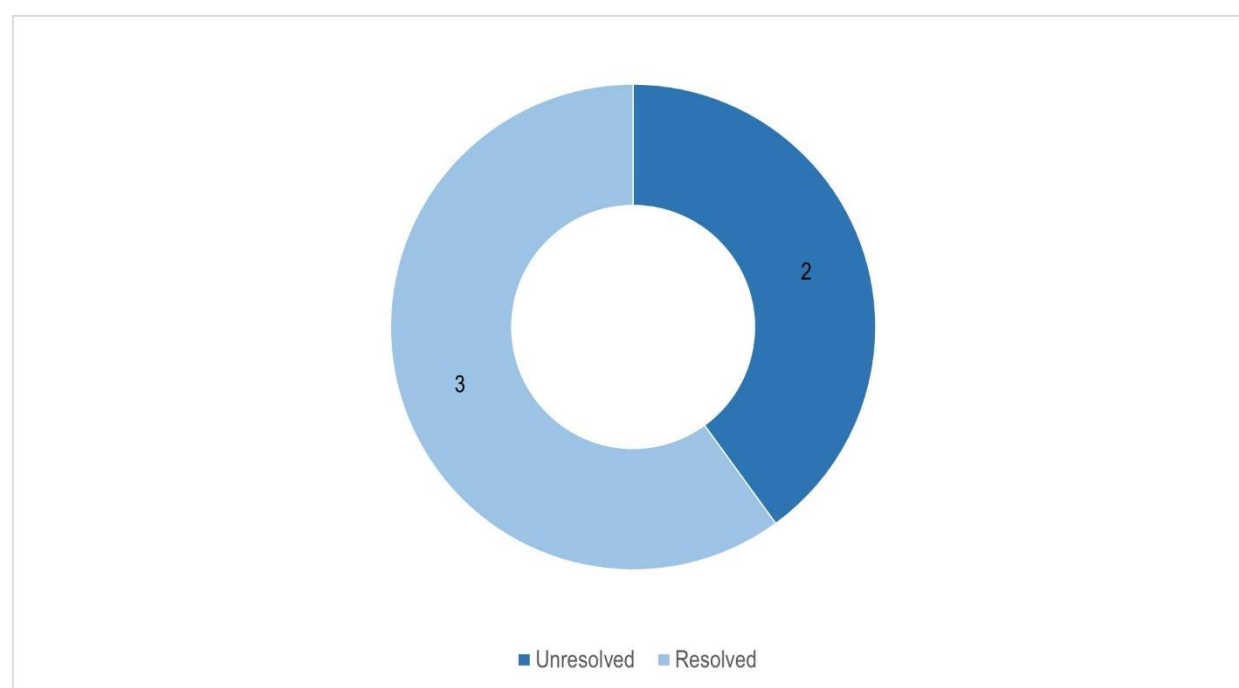
The Netherlands' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The Netherlands is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Five exchange partners highlighted particular issues with respect to preparation and format of the information sent by the Netherlands (representing 7% of its partners). These generally related to incorrect file identification and record validation errors. More generally, six (or 8%) of the Netherlands' exchange partners reported rejecting more than 25% of the files received, of which three reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has increased over time. It was noted that the Netherlands has already successfully addressed most of the issues.

Figure 1. Technical issues raised by the Netherlands' exchange partners



Based on these findings it was concluded that the Netherlands is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to routinely addressing issues reported by partners. The Netherlands should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Netherlands should continue to work with its exchange partners to address the issues raised.

The Netherlands should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Netherlands linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that the Netherlands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Netherlands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by the Netherlands. It was noted that the Netherlands successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that the Netherlands is fully meeting expectations in relation to exchanging the information in a timely manner. The Netherlands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Netherlands' exchange partners did not raise any concerns with respect to the Netherlands' use of the agreed transmission methods and therefore with the Netherlands' implementation of this requirement.

Based on these findings it was concluded that the Netherlands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Netherlands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by the Netherlands, representing 3% of its partners. It was noted that the Netherlands is successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that the Netherlands is fully meeting expectations in relation to the receipt of the information. The Netherlands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Netherlands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Netherlands' exchange partners and therefore with respect to the Netherlands' implementation of these requirements.

Based on these findings it was concluded that the Netherlands appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Netherlands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Thank you for the recommendations. We acknowledge them and already identified them ourselves.

To further implement our verification activities, in order to include the inspection of records held by Reporting FI's and the follow up, the Netherlands is reorganizing all automated exchanges of information. This reorganization will also enable the Netherlands to continue to actively monitor the interaction between AML and AEOI frameworks to ensure collection and reporting of information is in accordance with the requirements. Full implementation is scheduled for September 2022.

The assessment of undocumented accounts is already part of our review process. Furthermore, the number of reported undocumented accounts shows in the macro-analysis that is made yearly for each FI and is part of the discussion when giving feedback to an FI on the quality of reported data.

The Netherlands will continue to work with our exchange partners to address issues raised. Via our Central Liaison Office we have good contacts with our exchange partners, which ensures (most) issues are addressed successfully. The Netherlands has a fully automated system for sorting, preparing and validating information before sending it to our exchange partners. Before sending the information, the Netherlands performs a control procedure to check whether the files meet the requirements (XSD).

The Netherlands will continue its implementation processes to ensure the ongoing effectiveness.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Hong Kong (China), Qatar and Singapore. The Netherlands has also activated relationships under the CRS MCAA with Qatar and Singapore.

New Caledonia

This report analyses the implementation of the AEOI Standard in New Caledonia with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

New Caledonia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes New Caledonia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all New Caledonia's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

General context

New Caledonia commenced exchanges under the AEOI Standard in 2020.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, New Caledonia:

- enacted *Code des impôts de la Nouvelle-Calédonie Article Lp. 920.9 ; Arrêté n° 2018-3179 du 26 décembre 2018 fixant les règles et procédures concernant l'échange automatique de renseignements relatifs aux comptes financiers, dites « norme commune de déclaration*;
- introduced the *Arrêté n° 2018-3181 du 26 décembre 2018 précisant les règles et procédures concernant l'échange automatique de renseignements relatifs aux comptes financiers, dites « norme commune de déclaration*;
- made reference to the *Code monétaire et financier* for the purposes of the identification of Controlling Persons under the AEOI Standard; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2019. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2019 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2020.

With respect to the exchange of the information under the AEOI Standard, New Caledonia has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2020.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for New Caledonia are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

New Caledonia's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

New Caledonia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

New Caledonia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

New Caledonia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

New Caledonia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

New Caledonia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of New Caledonia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from New Caledonia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

New Caledonia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

New Caledonia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

New Caledonia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Note

¹ Through a territorial extension by France

New Zealand

This report analyses the implementation of the AEOI Standard in New Zealand with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

New Zealand's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes New Zealand's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of New Zealand's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

New Zealand's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). New Zealand is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

New Zealand commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, New Zealand:

- enacted legislation, primarily located in Part 11B of the Tax Administration Act 1994; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

With respect to the exchange of information under the AEOI Standard, New Zealand:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and

- put in place two bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in New Zealand that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that New Zealand requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of New Zealand's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 450
Financial Accounts reported in 2021	2 942 341

Table 2 sets out the number of exchange partners to which information was successfully sent by New Zealand in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to New Zealand's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	55	65	66	73

In order to provide for the effective implementation of the AEOI Standard, in New Zealand:

- the Inland Revenue (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with New Zealand's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online portal, allowing XML file upload for large volume reporting or an online form/Excel templates for smaller volume reporting; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of New Zealand's legal frameworks implementing the AEOI Standard concluded with the determination that New Zealand's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of New Zealand's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for New Zealand are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

New Zealand's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

New Zealand has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

New Zealand has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

New Zealand has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

New Zealand has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

New Zealand's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of New Zealand's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from New Zealand and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

New Zealand has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

New Zealand put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

New Zealand's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

New Zealand agrees with the assessment.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for New Zealand are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

New Zealand's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). New Zealand is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, New Zealand implemented all of the requirements in accordance with expectations. The key findings were as follows:

- New Zealand implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as intelligence and risk assessment by AML supervisors, tax compliance performance and questionnaire responses. New Zealand's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. New Zealand intends to keep

its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.

- New Zealand has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as financial sector registers of regulated entities, engagement with Trust Company service providers and the Foreign Financial Institution list for FATCA purposes. New Zealand is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. New Zealand intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing New Zealand's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, New Zealand has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that New Zealand effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that New Zealand is ready to take effective action to address circumvention of the requirements if such circumvention is detected, ensure self-certifications are obtained as required, and to follow up on undocumented accounts.
- New Zealand will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	New Zealand has carried out substantial communication and outreach activities, such as producing guidance notes and other publications, organizing public information sessions and proactive and ongoing industry engagement. There is also a dedicated website and email address to support Financial Institutions. New Zealand is currently in the process of publishing a compliance focused document "Offshore Tax Transparency" to provide more guidance and raise awareness of the benefits of exchange of information and greater transparency.
Verifying that Financial Institutions are reporting as required	New Zealand has carried out verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking withholding tax data and other information sources, and has identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	New Zealand has conducted many desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, New Zealand has conducted a significant number of onsite visits, testing for governance and oversight, internal systems, self-certifications and account monitoring. It identified some issues, providing action plans to the Financial Institutions for remediation.
Enforcement	Following the activities mentioned above, New Zealand has not yet imposed penalties and sanctions, but has the systems and procedures to do so as appropriate.

With respect to the Financial Account information collected and sent by New Zealand, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from New Zealand indicated that they achieved a success rate when matching the information received from New Zealand with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that New Zealand is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. New Zealand is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that New Zealand implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, New Zealand has the necessary systems and procedures to process them as required. It also appears that New Zealand will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that New Zealand is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. New Zealand is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

New Zealand's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). New Zealand is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from New Zealand's exchange partners did not raise any specific concerns with respect to their ability to process the information received from New Zealand and therefore with respect to New Zealand's implementation of these requirements.

Based on these findings it was concluded that New Zealand is fully meeting expectations in relation to sorting, preparing and validating the information. New Zealand is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, New Zealand linked to the CTS.

Based on these findings it was concluded that New Zealand is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. New Zealand is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from New Zealand's exchange partners did not raise any concerns with respect to the timeliness of the exchanges by New Zealand and therefore with respect to New Zealand's implementation of this requirement.

Based on these findings it was concluded that New Zealand is fully meeting expectations in relation to exchanging the information in a timely manner. New Zealand is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from New Zealand's exchange partners did not raise any concerns with respect to New Zealand's use of the agreed transmission methods and therefore with New Zealand's implementation of this requirement.

Based on these findings it was concluded that New Zealand is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. New Zealand is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from New Zealand's exchange partners did not raise any concerns with respect to New Zealand's receipt of the information and therefore with New Zealand's implementation of these requirements.

Based on these findings it was concluded that New Zealand is fully meeting expectations in relation to the receipt of the information. New Zealand is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

New Zealand appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by New Zealand's exchange partners and therefore with respect to New Zealand's implementation of these requirements.

Based on these findings it was concluded that New Zealand appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. New Zealand is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

We welcome the report by the assessment team. Our knowledge as to implementation and reporting practices has deepened through both the analytical and field work carried out. Consequently, we are continually refining our risk-based approach from these learnings to ensure complete, accurate and valid information is provided to our treaty parties in accordance with the CRS.

Note

¹ With Hong Kong (China) and Singapore. New Zealand has also activated a relationship under the CRS MCAA with Singapore.

Nigeria

This report analyses the implementation of the AEOI Standard in Nigeria with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Nigeria's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements in the AEOI Terms of Reference. While Nigeria's international legal framework to exchange the information with all of Nigeria's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, the rules in Nigeria's legislative framework to prevent persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures are insufficient in scope.

Overall determination on the legal framework: In Place But Needs Improvement
--

General context

Nigeria commenced exchanges under the AEOI Standard in 2020.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Nigeria:

- enacted the *Income Tax (Common Reporting Standard) Regulations 2019*;
- introduced *The Income Tax (Common Reporting Standard) Implementation and Compliance Guidelines, 2019*.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2019. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High-Value Individual Accounts by 31 December 2019 and on Preexisting Lower Value Individual Accounts and Entity Accounts by 31 December 2020.

With respect to the exchange of the information under the AEOI Standard, Nigeria is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2020.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Nigeria are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Nigeria's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it **needs improvement** in one area relating to the framework to enforce the requirements (SR 1.4). More specifically, the rules in Nigeria's legislative framework to prevent persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures are insufficient in scope as they do not cover all relevant persons and circumstances.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Nigeria has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Nigeria has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Nigeria has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Nigeria has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Nigeria's legislative framework does not include rules to prevent all relevant persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures as required. This is

a key element of the required enforcement framework relates to and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Nigeria should amend its domestic legislative framework to include rules to prevent all Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures, rather than just those on whom the AEOI Standard imposes an obligation.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Nigeria's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Nigeria's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Nigeria and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Nigeria has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Nigeria put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Nigeria's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Nigeria has observed that under SR.1.4., this Report states that Nigeria's Legislative framework is in place to enforce the requirements in a manner that is Largely consistent with the CRS and its commentary.

However, the Report also highlighted a deficiency – that the Anti-avoidance Rule under Regulation 12 of Nigeria Income Tax (Common Reporting Standard) Regulations 2019 does not prevent ALL relevant persons, including intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures as required.

Nigeria notes the Recommendation to amend its CRS legal framework to address this deficiency, and will take the required steps to update the text of Regulation 12 to meet the Agreed standard.

However, Nigeria hereby places on record that the text of the Nigeria CRS Regulations 2019, including the Anti-avoidance rule, was modelled after the OECD Global Forum CRS Rules that was made available to Nigeria's Legal drafting team in 2018. We are now aware that the Global Forum learning from experience from reviews of CRS legal framework of over 100 jurisdictions, has in recent times issued a new version of CRS Rules, which amongst other things provides an updated text for the Anti-avoidance rule, with a view to ensuring that all persons in scope, are covered.

Nigeria will be guided by text of the latest version of the Global Forum Model CRS Rules, in our efforts to update the Nigeria Income Tax (Common Reporting Standard) Regulations 2019.

Niue

This report analyses the implementation of the AEOI Standard in Niue with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Niue's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Niue's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Niue's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Niue's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Niue is encouraged to continue to its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Niue committed to commence exchanges under the AEOI Standard in 2018 on a non-reciprocal basis. As there does not appear to be any Reporting Financial Institutions in Niue, no information has yet been reported domestically in Niue for exchange. Niue has therefore also not yet needed to exchange information under the AEOI Standard.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Niue:

- enacted the Niue Tax Amendment Act 2016 and Niue Income Tax Act 1961; and
- introduced the Income Tax (Automatic Exchange of Information) Regulations 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Niue is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2019.

In order to provide for the effective implementation of the AEOI Standard, in Niue:

- the Niue Revenue Office (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Niue's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions have not yet needed to be put in place; and
- a transmission method has also not yet needed to be put in place.

It should be noted that the review of Niue's legal frameworks implementing the AEOI Standard concluded with the determination that Niue's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Niue's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Niue are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Niue's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Niue has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Niue has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them

in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Niue has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Niue has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Niue's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Niue's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Niue and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Niue has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Niue put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Niue's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Niue appreciates the opportunity to comment on this report.

Niue notes the assessment.

Niue also looks forward to continuing dialogue within the Global Forum regarding participation and compliance challenges for Small Island Developing States.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Niue are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Niue's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. In the case of Niue, this consists of ensuring effectiveness in a domestic context by having an effective administrative compliance framework, specifically to identify Reporting Financial Institutions. Niue is encouraged to continue to monitor whether there are Reporting Financial Institutions in Niue to ensure the ongoing effectiveness of its implementation.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:

- i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Niue implemented all of the necessary requirements in accordance with expectations. The key findings are set out below.

Niue has identified only one financial services provider in Niue that would be subject to the requirements of the AEOI Standard. It is registered as a bank in an offshore jurisdiction and operates under an agency banking arrangement with the Government of Niue. The bank itself does not maintain any Financial Accounts in Niue and is fully subject to the requirements of the AEOI Standard in the jurisdiction in which it is located, including in relation to its activities in Niue. Aside from that, Niue has only identified the Niue Development Bank that is of potential relevance, although its only activities are the provision of loans in accordance with the pre-set criteria, which are to promote the economic development of Niue. Neither entity is therefore required to report information under the AEOI Standard. Furthermore, Niue has cross-checked the Foreign Financial Institution list for FATCA purposes and it does not include any Financial Institution from Niue. It is for these reasons that, despite having the legal obligations in place, no information has been reported in Niue. Finally, Niue has confirmed that it will continue to monitor whether any Reporting Financial Institutions become located in Niue in the future.

Based on these findings it was concluded that Niue is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Niue is encouraged to continue to monitor whether it has any Reporting Financial Institutions to ensure the ongoing effectiveness in its implementation of the AEOI Standard.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or

reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue. Furthermore, it should be noted that, as Niue exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 has therefore not been assessed in this case.

Recommendations:

Not applicable.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Niue's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice as, to date, Niue has not needed to exchange information under the AEOI Standard. Niue is encouraged to ensure it will be able to exchange information effectively in practice if and when it is needed.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue. SR 2.4 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue and Niue exchanges information on a non-reciprocal basis and does not therefore receive information. It therefore does not need to agree transmission methods with its partners. SR 2.5 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue. SR 2.6 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue. SR 2.7 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue. SR 2.8 has therefore not been assessed in this case.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Niue has not commenced exchanges with its partners under the AEOI Standard as there are no Reporting Financial Institutions in Niue. SR 2.9 has therefore not been assessed in this case.

Recommendations:

Not applicable.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Norway

This report analyses the implementation of the AEOI Standard in Norway with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Norway's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Norway's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Norway's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Norway's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Norway is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Norway commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Norway:

- enacted the Tax Administration Act of 27 May 2016 no. 14 (*skatteforvaltningsloven*);
- introduced the Tax Administration Regulation of 23 November 2016 no. 1360 (*skatteforvaltningsforskriften*);
- issued further guidance, which is not legally binding; and
- made reference to the Act relating to Measures to Combat Money Laundering and Terrorist Financing implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, Norway:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place two bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in Norway that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Norway requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Norway's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	298
Financial Accounts reported in 2021	805 515

Table 2 sets out the number of exchange partners to which information was successfully sent by Norway in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Norway's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	64	68	68	75

In order to provide for the effective implementation of the AEOI Standard, in Norway:

- the Norwegian Tax Administration (NTA, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Norway's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the NTA and all the data is reported through the national transmission system, resulting in a close integration between reporting under the AEOI Standard and Norway's domestic reporting requirements; and
- the Common Transmission System (CTS) and is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Norway's legal frameworks implementing the AEOI Standard concluded with the determination that Norway's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Norway's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Norway are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Norway's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Norway has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Norway has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Norway has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Norway has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Norway's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Norway's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Norway and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3)

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Norway has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Norway put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Norway's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Norway are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Norway's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Norway is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Norway implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Norway implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as compliance with other domestic reporting requirements and the reports submitted by Financial Institutions under the AEOI Standard and the error messages received from its exchange partners as well as publicly available information. Norway's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Norway intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Norway has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as other registers of entities, information from industry associations and industrial codes, which is cross-checked against the list of regulated entities maintained by Norway's financial regulators, the Foreign Financial Institution list for FATCA purposes and the list of financial institutions reporting financial information for domestic purposes. Norway has taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under Norwegian domestic rules and are reporting as required. Norway intends to continue to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Norway's compliance strategy appears to have the necessary powers and resources to discharge its function. With respect to resourcing, Norway has allocated the equivalent of 25 staff to monitor and ensure compliance by financial institutions, including with respect to their domestic reporting requirements, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Norway effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions. Norway has not yet identified a need to apply any sanctions or penalties on Financial Institutions which have been found to have reported incorrect information. Instead, Norway has engaged with the Financial Institutions to ensure they implement the right procedures or correct other errors identified and amend the data sent.
- Norway is ready to take effective action to address circumvention of the requirements if such circumvention is detected. It is also noted that Norway has formal procedures in place to ensure that self-certifications are obtained as required and to follow up on undocumented accounts.
- Norway will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Norway has carried out communication and outreach activities, such as engaging with Financial Institutions through direct communication, conducting meetings with relevant stakeholders and the organizing conferences with accountants and auditors.
Verifying that Financial Institutions are reporting as required	Norway has worked effectively to understand its population of Financial Institutions, utilizing various relevant information sources. Norway has also carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as sending out questionnaires to Reporting Financial Institutions and carrying out both onsite and offsite inspections and identified some Financial Institutions incorrectly not

Activity type	Activities undertaken
	reporting. Norway has followed up with the Financial Institutions concerned to ensure the correct reporting of data.
Verifying whether the information reported is complete and accurate	Norway has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Norway has conducted a significant number of in-depth reviews, both onsite and offsite. It accordingly identified some issues, commonly concerning the non-reporting of information. It has followed up with the Financial Institutions to ensure the complete and accurate reporting.
Enforcement	Following the activities mentioned above, Norway has not yet imposed penalties and sanctions, but has plans to do so if needed to ensure compliance.

In terms of the Financial Account information collected and sent by Norway, it was found to include a high proportion of Tax Identification Numbers with respect to individual Account Holders when compared to most other jurisdictions. Statistical data on TINs reported for Controlling Persons is not readily available in Norway, but it could be extracted if needed. The level of undocumented accounts appears to be in line with most jurisdictions.

Norway monitors whether Financial Accounts that are reported include information on the dates of birth with respect to the individuals associated with them, validates the dates of birth and follows up with the Reporting Financial Institutions as necessary.

More generally, many of the exchange partners that received a significant number of records from Norway indicated that they achieved a success rate when matching the information received from Norway with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Norway is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Norway is therefore encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Norway implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Norway has the necessary systems and procedures to process them as required. It appears that Norway also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Norway is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Norway is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Norway's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Norway is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Norway's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Norway and therefore with respect to Norway's implementation of these requirements. More generally, three (or 4 %) of Norway's exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met, although none reported rejecting more than 50%. This is broadly in line with the general experience of other jurisdictions. It was noted that Norway has already successfully addressed all of the issues.

Based on these findings it was concluded that Norway is fully meeting expectations in relation to sorting, preparing and validating the information. Norway is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Norway linked to the CTS.

Based on these findings it was concluded that Norway is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Norway is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Norway's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Norway and therefore with respect to Norway's implementation of this requirement.

Based on these findings it was concluded that Norway is fully meeting expectations in relation to exchanging the information in a timely manner. Norway is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Norway's exchange partners did not raise any concerns with respect to Norway's use of the agreed transmission methods and therefore with Norway's implementation of this requirement.

Based on these findings it was concluded that Norway is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Norway is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Norway's exchange partners did not raise any concerns with respect to Norway's receipt of the information and therefore with Norway's implementation of these requirements.

Based on these findings it was concluded that Norway is fully meeting expectations in relation to the receipt of the information. Norway is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Norway appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Norway's exchange partners and therefore with respect to Norway's implementation of these requirements.

Based on these findings it was concluded that Norway appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Norway is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Singapore and Türkiye. Norway has also activated a relationship under the CRS MCAA with Türkiye.

Oman

This report analyses the implementation of the AEOI Standard in Oman with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Oman's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Oman's international legal framework to exchange the information with all of Oman's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, deficiencies have been identified in Oman's enforcement framework.

Overall determination on the legal framework: In Place But **Needs Improvement**

General context

Oman commenced exchanges under the AEOI Standard in 2020.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Oman:

- amended the Income Tax Law 28/2009; and
- issued the Chairman of the Tax Authority Decision No. 78/2020 On Standards for Automatic Exchange of Financial Account Information.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2019. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High-Value Individual Accounts by 31 December 2019 and on Preexisting Lower Value Individual Accounts and Entity Accounts by 31 December 2020.

With respect to the exchange of the information under the AEOI Standard, Oman is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2020.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Oman are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Oman's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in one area relating to the framework to enforce the requirements (SR 1.4). More specifically, Oman's domestic legislative framework does not impose sanctions on Account Holders and Controlling Persons for providing a false self-certification.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Oman has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Oman has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Oman has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Oman has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Oman's legislative framework does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Oman should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Oman's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Oman's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Oman and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Oman has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Oman put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Oman's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Pakistan

This report analyses the implementation of the AEOI Standard in Pakistan with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Pakistan's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Pakistan's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Pakistan's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Pakistan's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Pakistan commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Pakistan:

- enacted section 107, section 165B and section 182 of the Income Tax Ordinance, 2001;
- issued the Common Standard Rules (CRS Rules) vide SRO 166(I)/2017; and
- published a Guidance Note, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Pakistan amended its legislative framework to address issues identified, effective from 24 August 2020.

With respect to the exchange of information under the AEOI Standard, Pakistan is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Pakistan that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Pakistan requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Pakistan's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	30
Financial Accounts reported in 2021	327 250

Table 2 sets out the number of exchange partners to which information was sent by Pakistan in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Pakistan's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	40	55	57	61

In order to provide for the effective implementation of the AEOI Standard, in Pakistan:

- the Federal Board of Revenue (the FBR or the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Pakistan's exchange partners. In addition, the FBR engages with the State Bank of Pakistan (SBP) and the Securities and Exchange Commission (SECP) to support, promote and verify compliance;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Pakistan's legal frameworks implementing the AEOI Standard concluded with the determination that Pakistan's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Pakistan's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Pakistan are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Pakistan's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Pakistan has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Pakistan has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Pakistan has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Pakistan has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Pakistan's international legal framework to exchange the information is in place and consistent with the Model CAA and its Commentary and provides for exchange with all of Pakistan's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Pakistan and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Pakistan has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Pakistan put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Pakistan's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Pakistan are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Pakistan's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Pakistan is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Pakistan should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Pakistan implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Pakistan has developed a plan to ensure compliance with the AEOI Standard, although this does not appear to be based on an overarching strategy that is informed by a risk assessment that takes into account a wide range of relevant information sources.
- Pakistan has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as entities overseen by the SBP, the SECP, the Trust authorities, stock exchanges and the Foreign Financial Institution list for FATCA purposes. Pakistan has identified a large number of Reporting Financial Institutions that have not reported and is in the process of providing further guidance to ensure that they are classifying themselves correctly under its domestic rules and reporting information as required. Pakistan intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Directorate General of International Taxes, of the FBR, the department responsible for implementing Pakistan's compliance strategy, appears to have the necessary powers, which have been extended to Commissioners in regional zones, responsible for the identification and classification of Reporting Financial Institutions in their respective regions. With respect to resourcing, there are 11 Directors/Commissioners and 11 Deputy/Assistant Directors/Commissioners and 115 staff posted in the Directorate General of International Taxes, that are responsible for all international tax obligations, including the implementation of compliance activities for AEOI. They have access to IT resources and support from other areas of the FBR.
- Pakistan has a compliance plan that includes a range of activities to enforce the requirements of the AEOI Standard, including computerised risk-based audits, the review of Financial Institutions' due diligence processes and onsite audits to inspect the records of Reporting Financial Institutions. Pakistan has not yet conducted compliance activities, including in-depth reviews and the inspection of records held by Reporting Financial Institutions.
- Pakistan's planned compliance activities include checks to ensure self-certifications are obtained as required and keeping its jurisdiction-specific list of Non-Reporting Financial Institutions under review to ensure it continues to pose a low risk of being used for tax evasion purposes. Pakistan does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts.
- Pakistan has started applying dissuasive penalties and sanctions for non-compliance, in particular, for Financial Institutions incorrectly not reporting. It seems ready to apply penalties and sanctions for other identified non-compliance. It also appears that Pakistan is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Pakistan follows-up on only a sample of undocumented accounts reported.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Pakistan has carried out substantial communication and outreach activities, such as awareness seminars with Financial Institutions, in coordination with the regulators, and has established a dedicated helpline.

Activity type	Activities undertaken
Verifying that Financial Institutions are reporting as required	Pakistan has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as identifying regulated Financial Institutions that have not reported information and has plans to implement a special outreach program to help them acquire technical expertise to file CRS information.
Verifying whether the information reported is complete and accurate	Pakistan has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate but has plans to do so in the near future. Furthermore, Pakistan has not yet conducted in-depth audits. It has accordingly not yet identified any issues.
Enforcement	Following the activities mentioned above, Pakistan has imposed a substantial number of sanctions to Financial Institutions incorrectly not reporting.

With respect to the Financial Account information collected and sent by Pakistan, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. However, Pakistan was not able to confirm that it collects information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Feedback from Pakistan's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Pakistan. Furthermore, eight exchange partners highlighted issues with respect to the information received, such as low Tax Identification Number rates and incorrect names.

Based on these findings it was concluded that Pakistan is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to developing a risk strategy to inform its compliance plan considering all relevant information sources and implementing the compliance activities. Pakistan should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Pakistan should develop a compliance strategy that is informed by a risk assessment that takes into account a range of relevant information sources.

Pakistan should implement its plan to verify compliance by Reporting Financial Institutions and commence its verification activities to ensure that the information reported is complete and accurate.

Pakistan should implement its procedure to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Pakistan should implement activities to follow up with all Reporting Financial Institutions reporting undocumented accounts, including to understand the reasons for it and to ensure that they are correctly applying the definition.

Pakistan should address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Pakistan implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Pakistan has the necessary systems and procedures to process them as required. It also appears that Pakistan will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Pakistan is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Pakistan is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

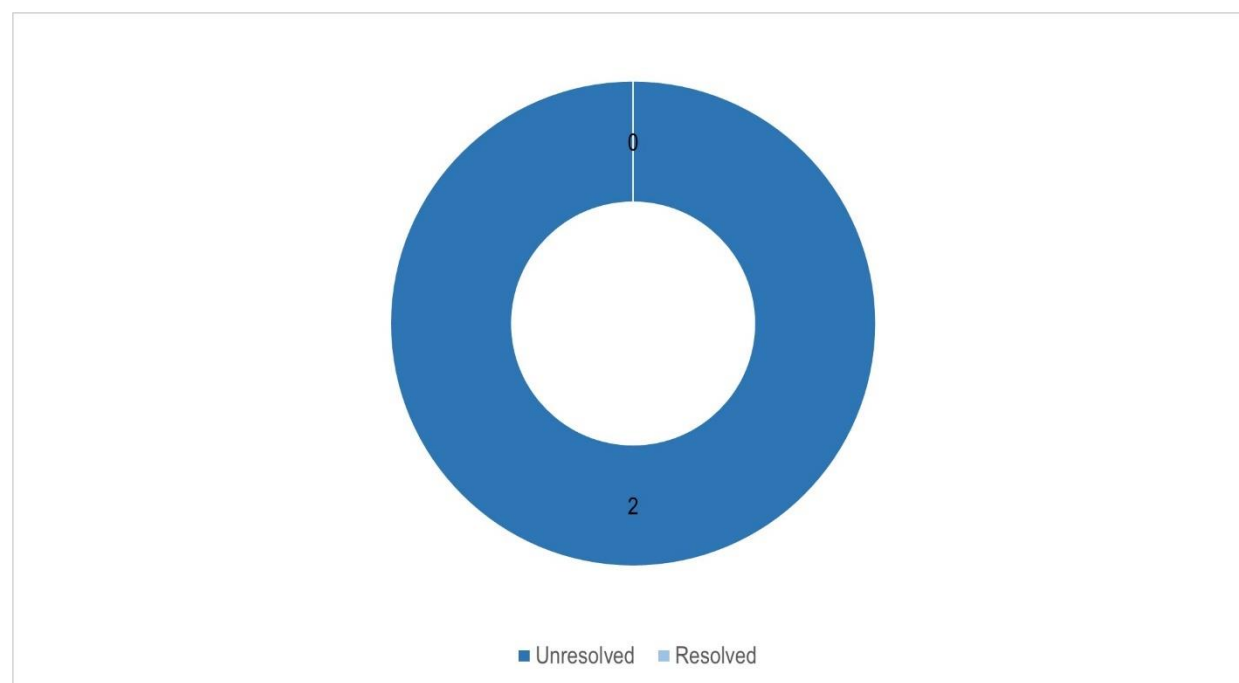
Pakistan's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Pakistan is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4), and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to Pakistan transmitting the information in a timely manner (SRs 2.6 – 2.8). Pakistan should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Pakistan (representing 3% of its partners). These related to the technical requirements for exchanges. However, none of Pakistan's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met. It was noted that Pakistan has still not yet addressed the issues.

Figure 1. Technical issues raised by Pakistan's exchange partners



Based on these findings it was concluded that, overall, Pakistan is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to correctly preparing and validating the information to be exchanged. Pakistan is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Pakistan should work with its partner to address the issue raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Pakistan linked to the CTS.

Based on these findings it was concluded that Pakistan is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Pakistan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Pakistan, although the timeliness of the exchanges by Pakistan has improved over time. However, the partner stated that the information has still not been received.

Based on these findings it was concluded that, overall, Pakistan is meeting expectations in relation to exchanging the information in a timely manner. It was also noted that there is room for improvement with respect to sending information to all partners in a timely manner. Pakistan is encouraged to continue to ensure the ongoing effectiveness of its implementation including by addressing the recommendation made.

Recommendations:

Pakistan should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Pakistan's exchange partners did not raise any concerns with respect to Pakistan's use of the agreed transmission methods and therefore with Pakistan's implementation of this requirement.

Based on these findings it was concluded that Pakistan is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Pakistan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

17 exchange partners highlighted delays in the sending of status messages by Pakistan, representing 20% of its partners. This represents a very high proportion of partners and has not improved over time. Pakistan has still not yet sent all of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that Pakistan is not meeting expectations in relation to the receipt of the information. More specifically, fundamental issues have been identified, including with respect to a very high proportion of status messages not being sent by Pakistan. Pakistan should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

Pakistan should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Feedback from Pakistan's exchange partners did not raise any concerns with respect to Pakistan's response to notifications or provision of corrected, amended or additional information and therefore with respect to Pakistan's implementation of these requirements.

Based on these findings it was concluded that Pakistan appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Pakistan is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Panama

This report analyses the implementation of the AEOI Standard in Panama with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Panama's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Panama's international legal framework to exchange the information with all of Panama's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, Panama does not fully incorporate some of the due diligence procedures and does not incorporate the categories of Non-Reporting Financial Institutions in accordance with the requirements. Moreover, there is a deficiency in Panama's legal framework for the enforcement of the requirements.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Panama's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Panama is partially compliant with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Panama commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Panama:

- enacted the Law 51 of 27 October 2016;
- promulgated the Executive Decree 124 of 12 May 2017;
- promulgated the Executive Decree 461 of 26 December 2017; and
- issued Resolution No 201-3931 of 29 June 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting

Financial Institutions were required to complete due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

With respect to the exchange of information under the AEOI Standard, Panama is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Panama that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Panama requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Panama's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	754
Financial Accounts reported in 2021	68 119

Table 2 sets out the number of exchange partners to which information was successfully sent by Panama in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Panama's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	32	62	63	67

In order to provide for the effective implementation of the AEOI Standard, in Panama:

- the DGI, *Dirección General de Ingresos* (the tax authority) and the SBP, *Superintendencia de Bancos de Panamá* (the authority responsible for supervising the financial and banking sector), have the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions. The DGI has the responsibility for exchanging the information with Panama's exchange partners. The DGI is also looking to work with other regulatory authorities, such as the Superintendency of Insurance and Reinsurance (SSRR) and the Superintendency of Securities Market (SMV), for the supervision of Financial Institutions that do not fall under the purview of the SBP;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the DGI FATCA & AEOI Portal, which allows Reporting Financial Institutions to transmit CRS files to the DGI; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Panama's legal frameworks implementing the AEOI Standard concluded with the determination that Panama's domestic legal framework is In Place But Needs

Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Panama's implementation of the AEOI Standard in practice and where particular identified gaps in Panama's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Panama are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Panama's domestic legislative framework is in place and contains many of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1), the due diligence procedures that must be applied to Financial Accounts (SR 1.2) and the framework to enforce the requirements (SR 1.4). Most significantly, Panama provides for two Non-Reporting Financial Institutions that do not meet the requirements. Furthermore, Panama does not fully incorporate some of the due diligence procedures, and there is a deficiency in Panama's enforcement framework.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Panama has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, Panama does not fully incorporate the category of Exempt Collective Investment Vehicle as a Non-Reporting Financial Institution and provides for a jurisdiction-specific Non-Reporting Financial Institution that is not in accordance with the requirements. The scope of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Panama should amend its domestic legislative framework to prevent Exempt Collective Investment Vehicles from issuing bearer shares from a specified date in order to be treated as Non-Reporting Financial Institutions.

Panama should amend its domestic legislative framework to remove *Fideicomisos* (trusts) that serve solely as escrow for a debt or purchase obligation of a settlor from its jurisdiction-specific list of Non-Reporting Financial Institutions as this type of Entity is a Non-Financial Entity so should be treated as such under the AEOI Standard.

Panama should amend its domestic legislative framework to fully incorporate the term "managed by" in relation to the definition of Investment Entity.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Panama has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Panama's legal framework:

- does not specify that Reporting Financial Institutions may only rely on a self-certification for the purposes of determining whether a Controlling Person of a Passive NFE is a Reportable Person;
- does not incorporate all the elements related to the residence address test for the purposes of identifying Reportable Accounts among Preexisting Individual Lower Value Accounts; and
- sets a threshold for the identification of Controlling Persons that differs from the one defined in its AML law.

These elements of the due diligence procedures are material to the proper functioning of the AEOI Standard.

Recommendations:

Panama should amend its domestic legislative framework to specify that, for New Entity Accounts, Reporting Financial Institutions may only rely on a self-certification provided by a Passive NFE Account Holder or its Controlling Person to determine whether the Controlling Person is a Reportable Person.

Panama should amend its domestic legislative framework to require Reporting Financial Institutions to use only a "current" residence address when applying the residence address test, in particular by specifying that if mail has been returned as undeliverable, then the address cannot be considered as "current".

Panama should amend its domestic legislative framework to require Reporting Financial Institutions to apply the specified procedures if there is a change of circumstance relating to the cases where the residence address test was used.

Panama should amend its domestic legislative framework to ensure that the approach to determine Controlling Persons under the AEOI Standard is aligned to its approach to determine beneficial owners under its domestic AML/KYC procedures, by including a 10% threshold with respect to financial entities and a 25% threshold in relation to non-financial entities.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Panama has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Panama has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Panama's domestic legal framework does not include sufficient rules to prevent Financial Institutions,

persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures as required. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Panama should amend its domestic legislative framework to include rules to prevent all Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures, rather than only Financial Institutions, persons and intermediaries located within the territory of Panama.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Panama's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Panama's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Panama and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Panama has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Panama put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Panama's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Panama are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Panama's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Panama is overall meeting expectations with respect to its international collaboration to ensure effectiveness (SR 1.6), there are fundamental issues with respect to Panama ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Panama should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Panama implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Panama lacks a complete overarching strategy to ensure compliance with the AEOI Standard. While some education, verification and enforcement activities are planned or carried out, they are not based on a systematic risk assessment that includes all institutions responsible for ensuring compliance with the AEOI Standard and that takes into account relevant information sources. There are only some risks considered, such as information communicated to Panama by partner jurisdictions, reputational risks of the Financial Institutions and the number of accounts reported.
- Panama has designated the DGI as the main authority in charge of ensuring compliance with the AEOI Standard. To discharge its responsibilities, the DGI works jointly with other regulatory authorities, with which it shares the supervisory responsibilities. These authorities are the SBP, the SMV and the SSRR. So far, Panama has put in place a Memorandum of Understanding (MoU) between the DGI and the SBP, which includes details of the supervisory activities in relation to the AEOI Standard to be carried out by the SBP. Under the MoU, the DGI outlines the supervisory activities that the SBP should carry out and the SBP is required to inform the DGI of the results. It is not yet clear, however, if the SBP has the knowledge and training to carry out the activities. Furthermore, MoUs with the other two regulatory authorities are still in the process of being put in place. The DGI is seeking to monitor all Financial Institutions in the meantime.
- While Panama is working on various amendments to its legal framework to clarify some aspects of the framework that have been identified as uncertain in application, there does not appear to be any formalised plan or activity undertaken in the interim to ensure that Reporting Financial Institutions are correctly applying those requirements of the AEOI Standard. This includes ensuring that the interaction between Panama's AML and CRS frameworks always result in reporting in accordance with the AEOI Standard.
- Panama has taken some action to understand its population of Reporting Financial Institutions by consulting the lists of Financial Institutions held by the regulatory authorities, information from the corporate registry and the Foreign Financial Institution list for FATCA purposes. This has been done for the first time in 2022 and it is planned to be performed annually. It is not clear whether non-regulated entities that are Financial Institutions in relation to the AEOI Standard are adequately covered. Panama has taken some action to ensure that Financial Institutions are classifying themselves correctly under its domestic rules or reporting information as required.
- The institution responsible for implementing Panama's compliance strategy, the DGI, has procedures to access the records of Reporting Financial Institutions, although the overall framework covering all relevant institutions is not yet in place. In terms of the resourcing of compliance activities, the DGI has assigned the equivalent of two full time staff to develop and implement its AEOI compliance strategy and to assist in legal interpretation, communications, reporting and exchanges, as well as to perform the verification activities. The DGI is planning to hire more personnel to work on compliance related to the AEOI Standard. The number of staff available at the SBP to carry out audits related to the AEOI Standard is not yet known.
- Panama has carried out some activities to verify compliance by Reporting Financial Institutions. These have largely been in response to issues raised by peers, including through the exchange of information on request, and cases randomly chosen from the accounts reported. The follow-up of cases identified through the reporting of nil reports is planned to be undertaken in the near future.

Therefore, although some verification activities are taking place, it is not ensured they will be carried out systematically in the future.

- Panama appears to have procedures in place to apply penalties and sanctions for non-compliance when it is identified and it has recently amended its legal framework to provide for higher sanctions for non-compliance with the obligations under the AEOI Standard. Although no sanctions have yet been applied, Panama has identified some cases that will be subject to sanctions.
- Panama does not have a defined plan to ensure self-certifications are obtained as required, nor does it have a plan to follow up on undocumented accounts when they are reported.
- Panama has taken action to address a possible circumvention scheme, although it is not clear whether it has procedures to address circumvention of the AEOI Standard by Financial Institutions, persons or intermediaries in all cases. This partially reflects the lack of the legal powers to do so in all possible circumstances.
- Panama has one category of Non-Reporting Financial Institution that has been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions. It is noted that Panama does not have a jurisdiction-specific list of Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Panama has carried out communication and outreach activities, such as periodic presentations to the SBP and other relevant stakeholders, the publication of information and documents on the DGI's website to provide guidance to Financial Institutions about their obligations under the AEOI Standard and webinars about compliance with the AEOI Standard.
Verifying that Financial Institutions are reporting as required	Panama has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as consulting lists of Financial Institutions held by the regulatory authorities and information from the corporate registry. It has identified a considerable number of Financial Institutions that are incorrectly not reporting and it has taken initial action to ensure that they report as required.
Verifying whether the information reported is complete and accurate	Panama has conducted some desk-based checks to verify whether the information being reported is complete and accurate, including a limited number of in-depth audits. It accordingly identified some issues, commonly concerning mistaken balances reported. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Panama has not yet imposed penalties and sanctions, but has plans to do so in the near future, as some cases of non-compliance have been identified.

Panama was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented.

Panama was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Panama indicated that they achieved a success rate when matching the information received from Panama with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Panama is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to the lack of a systematic risk assessment to inform its compliance strategy, the lack of a wide range of information sources to identify its population of Reporting Financial Institutions, the lack of a systematic approach to verify compliance, the limited number of activities undertaken so far and the failure to monitor the key information points, such as the rates of collection of Tax Information Numbers, dates of birth and undocumented accounts. Panama should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Panama should further develop and implement an overarching and defined compliance strategy to underpin its compliance activities, informed by a risk assessment, which takes into account a range of relevant information sources. It should include policies and procedures covering all institutions that will be ensuring compliance with the AEOI Standard and all of the key areas to its effective implementation.

Panama should further implement its procedures to identify its population of Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions and report information as required and expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard to ensure they report information as required.

Panama should ensure that all of the authorities responsible for the verification of Reporting Financial Institution compliance engage effectively with one another to ensure the effective implementation of the AEOI Standard.

Panama should further develop and implement its plan to verify compliance to include a systematic selection of cases subject to review, areas of uncertainty in relation to the application of its legal framework in practice and the interaction between its AML and AEOI frameworks to ensure it always results in the collection and reporting of information in accordance with the AEOI Standard.

Panama should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

Panama should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it in all cases. Reference is made to the recommendation made when assessing Panama's legal frameworks implementing the AEOI Standard.

Panama should develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required.

Panama should implement mechanisms to identify Reporting Financial Institutions that report undocumented accounts and develop and implement a clearly defined policy to follow up with them to ensure that the requirements are being complied with.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Panama implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Panama received notifications from three partners (representing 4% of its partners) and successfully processed them in a timely manner, resolving the issues raised. It also appears that Panama will notify its partners of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Panama is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Panama is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

Panama's implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Panama is meeting expectations with respect to sorting, preparing and validating the information (SR 2.4), and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to Panama correctly transmitting the information and in a timely manner (SRs 2.5 – 2.8). While Panama has shown an improvement over time, Panama should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Five (or 8%) of Panama's exchange partners reported rejecting more than 25% of the files received, of which four reported rejecting 50% or more of the files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions and it has not improved over time. It was noted that Panama is working to solve at least some of the issues.

Based on these findings it was concluded that Panama is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to the procedures to sort, prepare and validate the information before it is sent to partners and with respect to contacting partners when issues have been raised. Panama should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Panama should work with its exchange partners to address the issues raised.

Panama should review its procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Panama linked to the CTS.

Based on these findings it was concluded that Panama is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Panama is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Panama's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Panama and therefore with respect to Panama's implementation of this requirement.

Based on these findings it was concluded that Panama fully is meeting expectations in relation to exchanging information in a timely manner. Panama is encouraged to continue to ensure the ongoing effectiveness of its implementation

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Panama's exchange partners did not raise any concerns with respect to Panama's use of the agreed transmission methods and therefore with Panama's implementation of this requirement.

Based on these findings it was concluded that Panama is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Panama is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Fifteen exchange partners highlighted delays in the sending of status messages by Panama, representing 19% of its partners. This represents a very high proportion of partners and has only slightly improved over time. Panama noted that it is experiencing technical issues with the sending of status messages and that it is working to solve them. As a provisional solution, it has notified some partners manually that the information has been received. While Panama is working on solving the issues and is engaging with some

of its partners, it has still not yet sent some of the status messages due to be sent in 2021, as well as some that were due to be sent in prior years.

Based on these findings it was concluded that Panama is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to the sending of status messages to its exchange partners. Panama should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Panama should continue to engage with its exchange partners to address the issues raised.

Panama should ensure it send status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Panama appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Panama's exchange partners and therefore with respect to Panama's implementation of these requirements.

Based on these findings it was concluded that Panama is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Panama is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Peru

This report analyses the implementation of the AEOI Standard in Peru with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Peru's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Peru's international legal framework to exchange the information with all of Peru's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, deficiencies have been identified in relation to the scope of Reporting Financial Institutions and Financial Accounts and there are deficiencies in the enforcement framework.

Overall determination on the legal framework: In Place But **Needs Improvement**

General context

Peru commenced exchanges under the AEOI Standard in 2020.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Peru:

- relies on Article 87(7), Article 175(7 and 8) and Article 177(2, 3, 15, 27 and 28) of the Tax Code;
- relies on Articles 427 and 438 of the Criminal Code; and
- enacted Supreme Decree 256-2018-EF (Regulation establishing the financial information that shall be provided to SUNAT to conduct the automatic Exchange of information as set forth in international agreements and the Decisions of the Andean Community Commission).

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2019. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High-Value Individual Accounts by 31 December 2019 and on Preexisting Lower Value Individual Accounts and Entity Accounts by 31 December 2020.

With respect to the exchange of the information under the AEOI Standard, Peru is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2020.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Peru are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Peru's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1), the scope of Financial Accounts required to be reported (SR 1.2) and the framework to enforce the requirements (SR 1.4). Most significantly, Peru's legislative framework does not define Financial Institutions in accordance with the AEOI Standard nor does it contain rules to prevent practices intended to circumvent the reporting and due diligence procedures as required.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Peru has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Peru has defined Financial Institutions with reference to entities described in other financial law, which will include entities that are not Financial Institutions under the AEOI Standard. The scope of Reporting Financial Institutions is material to the proper functioning of the AEOI Standard.

Recommendations:

Peru should amend its domestic legislative framework to ensure that the meaning of "Custodial Institution", "Investment Entity" and "Specified Insurance Company" are defined in line with the AEOI Standard.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Peru has defined the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More significantly, Peru's legislative framework:

- does not limit the use of a mailing address when applying the residence address test only to the special circumstances as contemplated in the Commentary; and
- does not define annuity contracts in line with the AEOI Standard.

The scope of Financial Accounts and the due diligence procedures are material to the proper functioning of the AEOI Standard.

Recommendations:

Peru should amend its domestic legislative framework to ensure that a mailing address is only permitted to be used in the special circumstances permitted under the AEOI Standard.

Peru should amend its domestic legislative framework to ensure that the exclusion of retirement income contracts from the definition of annuity contract is in line with the AEOI Standard.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Peru has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Peru has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Peru's legislative framework:

- does not include rules to prevent all relevant persons (including Reporting Financial Institutions, other persons and intermediaries) from adopting any practices intended to circumvent the reporting and due diligence procedures as required; and
- does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

These are the key elements of the required enforcement framework relates to and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Peru should amend its domestic legislative framework to introduce rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures.

Peru should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Peru's international legal framework to exchange the information is **in place**, is consistent with the Model CAA and its Commentary and provides for exchange with all of Peru's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Peru and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Peru has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Peru put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Peru's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Poland

This report analyses the implementation of the AEOI Standard in Poland with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Poland's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Poland's international legal framework to exchange the information with all of Poland's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, Poland's legislative framework does not define the scope of Reporting Financial Institutions in line with the requirements nor does it have rules to prevent practices intended to circumvent the due diligence and reporting procedures.

Overall determination on the legal framework: In Place But Needs Improvement
--

Effectiveness of AEOI in practice

Poland's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Poland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Poland commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Poland:

- enacted the Act of March 9, 2017, on exchange of tax information with other countries; and
- made reference to the Act of November 16, 2000, on countering money laundering and terrorism financing for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Poland:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Poland that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Poland requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Poland's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	724
Financial Accounts reported in 2021	1 383 075

Table 2 sets out the number of exchange partners to which information was successfully sent by Poland in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Poland's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	71	74

In order to provide for the effective implementation of the AEOI Standard, in Poland:

- the National Revenue Administration (the tax administration) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Poland's exchange partners. Verification activities are undertaken by central and regional authorities and units, and the regional activities are supervised centrally;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with the e-Deklaracje system designed to receive tailored forms based upon the Common Reporting Standard (CRS) XML Schema requirements; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Poland's legal frameworks implementing the AEOI Standard concluded with the determination that Poland's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the

effectiveness of Poland's implementation of the AEOI Standard in practice, and where the particular identified gap in Poland's legal frameworks directly impacts its implementation in practice, this is mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Poland are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Poland's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the framework to enforce the requirements (SR 1.4). Most significantly, Poland's legislative framework does not define Financial Assets in accordance with the requirements, nor does it contain rules to prevent practices intended to circumvent the reporting and due diligence procedures.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Poland has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, Poland's legislative framework defines Financial Assets through an exhaustive list, which is not in accordance with the requirements. This is a key element to the definition of Reporting Financial Institution and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Poland should amend its domestic legislative framework to define Financial Asset using an inclusive approach as contained in the AEOI Standard, rather than using an exhaustive list.

Poland should amend its domestic legislative framework to require the term Investment Entity to be interpreted consistently with the language defining "financial institution" in the Financial Action Task Force Recommendation, although it is noted that the non-binding Explanatory Memorandum instructs that the interpretation of the Act be commensurate with the Commentary.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Poland has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary. While a deficiency has been identified concerning New Accounts opened during a transitory period, as alternative procedures were required and as the transitional period ended in on 30 April 2017, this is considered to be relatively minor and its impact not to be material.

Recommendations:

Poland should ensure that New Accounts opened during the transitory period of 1 January 2016 to 30 April 2017 are subjected to due diligence procedures that are in accordance with the AEOI Standard.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Poland has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Poland has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Poland's legislative framework does not include rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures as required. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Poland should amend its domestic legislative framework to include rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures. While it is acknowledged that the mandatory reporting requirements in place will facilitate the identification of such practices, additional rules are needed to prevent such practices.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Poland's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Poland's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Poland and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Poland has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Poland put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Poland's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

As for the recommendation regarding SR 1.2, we would like to clarify that within our internal legal framework Financial Institutions are obliged to contact the account holders and request self-certification (with information on the residence as at the date of account opening) in order to document all accounts opened between 1 January 2016 and 30 April 2017 (apart from application of due diligence procedures for pre-existing accounts which they also have to apply). Based on current reporting status, financial institutions carried out most of required due diligence activities, with updated information subsequently transferred by the Polish tax administration to other countries participating in the CRS exchange.

We would like to underline that the Polish definition of Financial Asset includes all of the examples of assets listed within the paragraph 7 of the Section VIII of the Model Rules. At the same time, we want to emphasize that, although the list itself is exhaustive, the items listed in it (e.g. "security") are not strictly defined in the Polish internal legal framework. Therefore, due to the broad and not strictly limited scope of the items included within the list, the definition allows a wide range of various assets to be covered.

As per the recommendation in respect of the definition of Investment Entity, we would like to add that we have published an official explanation (on the official website of the Ministry of Finance: <https://www.gov.pl/web/finanse/informacja-w-sprawie-interpretacji-pojecia-podmiot-inwestujacy>) in which we clearly state that the interpretation of term must be consistent with the Directive as well as the CRS standard (by extension, AML framework). We believe that our communication in this matter (although it is non-binding) leaves no doubt as to market practice in the interpretation of the term of Investment Entity.

Nevertheless, Polish Ministry of Finance is reconsidering the further recommendations related to the enforcement framework and to introducing adjusting amendments in the legal definitions of financial assets and investment entity.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Poland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Poland's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Poland is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Poland implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Poland implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as risks identified in the information reported by Reporting Financial Institutions and risks identified from the public domain. Poland's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Poland intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis. Although Poland has also undertaken some activities to ensure correct application of the requirements of the AEOI Standard where these requirements are only included in Poland's non-binding guidance, these do not appear to be part of a formalised plan.
- Poland has worked effectively to understand its population of Financial Institutions, including non-regulated entities, using relevant information sources, such as lists of regulated Financial Institutions and the Foreign Financial Institution list for FATCA purposes. However, the information sources used to identify non-regulated Financial Institutions could be expanded. Poland is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules as required. Poland intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Poland's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Poland utilises existing resource across central and regional tax administration units to monitor and ensure compliance by Reporting Financial Institutions. Central tax administration units have access to IT systems to conduct risks assessments, such as Poland's eDeklaracje system, and Poland has developed procedures to ensure the outcomes from risk assessments are shared with the regional units. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Poland effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions during onsite visits and the application of dissuasive penalties and sanctions for non-compliance. It also appears that effective action is taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Poland has a good understanding of the risks to effective implementation from circumvention practices and Poland has processes to identify such risks. However, Poland was unable to demonstrate how it takes effective action to address circumvention of the requirements if such circumvention is detected. This reflects its lack of a legal basis to prevent practices intended to circumvent the reporting and due diligence procedures as required.
- Poland will keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Poland has carried out some communication and outreach activities, including through seminars with stakeholders and the issuance of guidance to assist Reporting Financial Institutions with their obligations.
Verifying that Financial Institutions are reporting as required	Poland has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as undertaking reviews of lists of regulated entities and undertaking a preliminary comparative analysis of the Foreign Financial Institutions list for FATCA purposes, and identified no Financial Institutions incorrectly not

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	reporting. Poland has conducted some onsite visits to verify whether the information being reported is complete and accurate. It has plans to increase onsite activities in the near future, including both in number and depth (i.e. full in-depth audits). Poland has already identified some issues, commonly concerning erroneous balances and payments reported in respect of Reportable Accounts. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Poland has not yet imposed penalties and sanctions, but has plans to do so in the near future. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Poland, while the level of undocumented accounts appeared to be in line with most other jurisdictions, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Poland nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Poland is aware of these issues and is taking steps to address them.

Feedback from Poland's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Poland. Furthermore, two exchange partners highlighted issues with respect to the information received, such as a significant number of invalid Tax Identification Numbers. Follow-up discussions confirmed that Poland is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that, overall, Poland is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to monitoring the application of provisions contained only in non-binding guidance. Poland is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Poland should monitor the application of all of the provisions contained only in non-binding guidance to ensure Reporting Financial Institutions apply them effectively in practice.

Poland should expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Poland should put in place a clearly defined policy to ensure that, where circumvention is identified, action is taken to address it. Reference is made to the recommendation made when assessing Poland's legal frameworks implementing the AEOI Standard.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Poland implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Poland received a notification from one of its partners and successfully processed it in a timely manner, resolving the issues raised. Poland also notifies its partners of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Poland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Poland's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Poland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Poland's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Poland and therefore with respect to Poland's implementation of these requirements. More generally, one of Poland's exchange partners reported rejecting more than 25% of the files received, although did not reject more than 50% of the files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Poland has already successfully addressed the issue raised.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to sorting, preparing and validating the information. Poland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Poland linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Poland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Poland's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Poland and therefore with respect to Poland's implementation of this requirement.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to exchanging the information in a timely manner. Poland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Poland's exchange partners did not raise any concerns with respect to Poland's use of the agreed transmission methods and therefore with Poland's implementation of this requirement.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Poland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Poland's exchange partners did not raise any concerns with respect to Poland's receipt of the information and therefore with Poland's implementation of these requirements.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to the receipt of the information. Poland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Poland has responded to a notification and provided corrected, amended or additional information in a timely manner and no such concerns were raised by Poland's exchange partners and therefore with respect to Poland's implementation of these requirements.

Based on these findings it was concluded that Poland is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Poland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Portugal

This report analyses the implementation of the AEOI Standard in Portugal with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Portugal's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Portugal's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Portugal's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Portugal's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Portugal is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Portugal commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Portugal:

- enacted Decree-Law No. 64/2016, of 11 October (as amended by Decree-Law No. 83/2017); and
- introduced several Ministerial Orders.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, Portugal:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;

- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries;¹ and
- put in place a bilateral agreement.²

Table 1 sets out the number of Financial Institutions in Portugal that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Portugal requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts are required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Portugal's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	150
Financial Accounts reported in 2021	2 002 395

Table 2 sets out the number of exchange partners to which information was successfully sent by Portugal in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Portugal's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	69	71	76

In order to provide for the effective implementation of the AEOI Standard, in Portugal:

- the Portuguese Tax Authority (PTA) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Portugal's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring all Reporting Financial Institutions to register in order to access the Automatic Exchange of Information portal and report information to the PTA. This portal allows for the validation of the information reported by the Reporting Financial Institutions against the XML Schema; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Portugal's legal frameworks implementing the AEOI Standard concluded with the determination that Portugal's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Portugal's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Portugal are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Portugal's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Portugal has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Portugal has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Portugal has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Portugal has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Portugal's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Portugal's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Portugal and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Portugal has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Portugal put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Portugal's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Portugal are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for Jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Portugal's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Portugal is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Portugal implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Portugal has implemented a three-pillar overarching strategy in order to ensure compliance with the AEOI Standard. This is comprised of: (i) risk assessment; (ii) education and assistance for Reporting Financial Institutions; and (iii) a supervisory and enforcement system. Portugal's compliance strategy is therefore based on a risk assessment. Portugal's risk assessment takes into account a wide range of information sources, such as news articles and external publications, reports and questionnaires submitted by Portuguese Financial Institutions, information received from other exchange partners and discussions with financial regulators. Portugal's strategy also facilitates compliance and incorporates a credible approach to enforcement. Portugal intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Portugal has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, including the Foreign Financial Institution list for FATCA purposes, information obtained from Reporting Financial Institutions and financial supervisors, as well as information provided by exchange partners. Portugal is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Portugal intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The PTA is responsible for implementing Portugal's compliance strategy and has the necessary powers and resources to discharge its functions. It has effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities. In particular, Portugal's compliance activities range from cooperative engagement with the industry to questionnaires, desk-based audits and onsite visits. The equivalent of seven full time staff have been assigned within the PTA to monitor and ensure compliance by Reporting Financial Institutions. These staff also have access to IT systems and tools to conduct risk assessments. Four auditors carry out reviews and audits exclusively on compliance with the AEOI Standard. Overall, the PTA appears to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- Portugal is effectively enforcing the requirements, including through the inspection of records of Reporting Financial Institutions. Sanctions have been applied to Reporting Financial Institutions that have not been compliant with their obligations contained in the domestic rules. It also appears that effective action is being taken to address the circumvention of the requirements, ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Portugal will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Portugal has carried out substantial communication and outreach activities, such as: (i) creating a dedicated space on the PTA's taxpayer portal for Reporting Financial Institutions which contains user guides and examples of XML files; (ii) publication of answers to Frequently Asked Questions; (iii) two dedicated electronic mailboxes for financial institutions to directly contact PTA officials; and (iv) holding meetings and briefing sessions with financial institutions, industry associations and regulators.
Verifying that Financial Institutions are reporting as required	Portugal has carried out substantial verification activities to ensure that Financial Institutions are reporting as required. Financial institutions are

Activity type	Activities undertaken
	required to register with the PTA for purposes of complying with the AEOI Standard. A Financial Institution that does not maintain Reportable Accounts in a particular year is obligated to file a nil return. The PTA cross-checks the FATCA Foreign Financial Institution list, information obtained from Reporting Financial Institutions and financial supervisors, as well as information provided by exchange partners to verify that Financial Institutions are reporting as required. Portugal has found many investment entities that had not registered with the PTA. It has followed up with them to ensure that these entities comply with their obligations under the AEOI Standard. While the verifications are still ongoing, interim results led to the conclusion that reportable accounts that these entities maintained had been reported by custodial institutions.
Verifying whether the information reported is complete and accurate	Portugal has sent standardised questionnaires to Financial Institutions which asked questions regarding the procedures that the Institutions have put into place to address their obligations under the AEOI Standard. The PTA has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Portugal has conducted some onsite visits. It accordingly identified some issues, commonly concerning missing or incorrect TIN or date of birth information, or cases in which Financial Institutions, when the client was already an Account Holder, did not request self-certifications when opening new accounts. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Portugal has imposed sanctions on non-compliant Reporting Financial Institutions, both with respect to failure to register and failure to report complete and accurate information.

With respect to the Financial Account information collected and sent by Portugal, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. These are key data point for exchange partners to effectively utilise the information.

Furthermore, eight of Portugal's exchange partners (representing 10% of its partners) highlighted issues with respect to the information received, such as missing or invalid Tax Identification Numbers. Follow-up discussions confirmed that Portugal is aware of these issues and is seeking to improve the situation. Portugal indicated in particular that additional measures have been recently put in place, including warnings to Financial Institutions when improbable values (e.g. empty, spaces, non-alphanumeric characters) are reported for Tax Identification Numbers. More generally, many of the exchange partners that received a significant number of records from Portugal indicated that they achieved a success rate when matching the information received from Portugal with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Portugal is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to addressing the issues raised by its exchange partners. Portugal is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Portugal should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires Jurisdictions to:

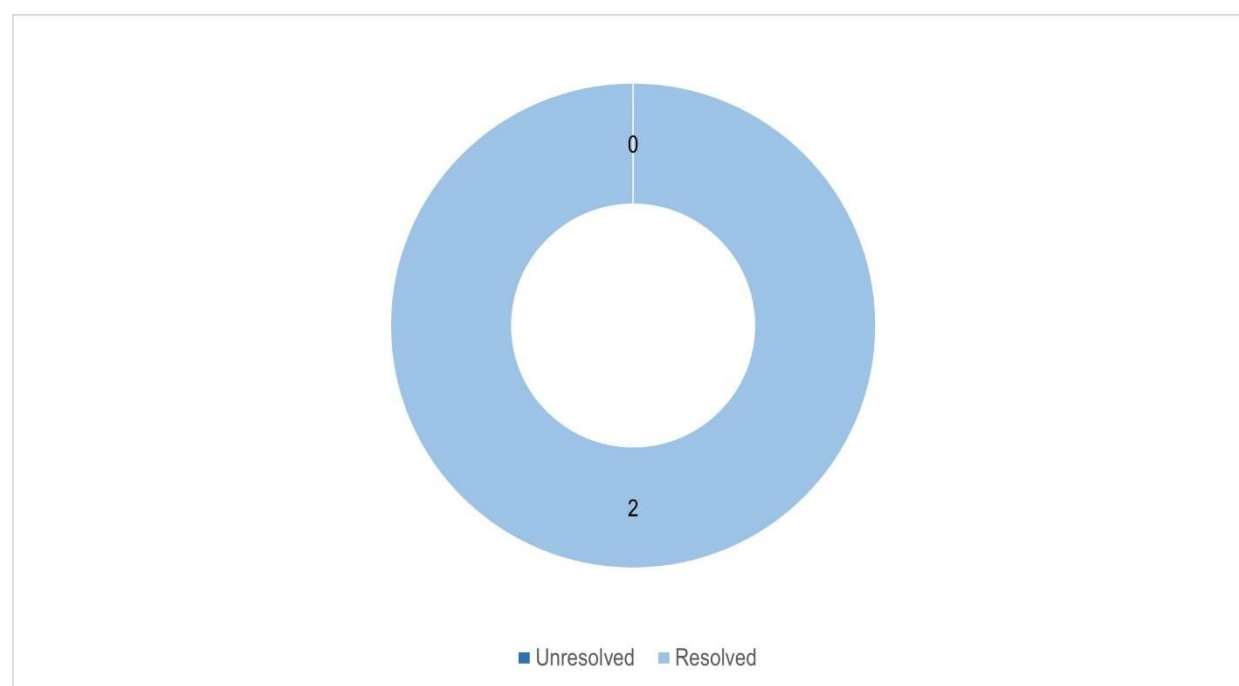
- a) use all appropriate measures available under the Portugal's domestic law to address errors or non-compliance notified to the Portugal by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the Portugal of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Portugal implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Portugal received notifications from two partners (representing 3% of its partners) and successfully processed and resolved the issues raised by these exchange partners in a timely manner. It appears that Portugal will also notify its partners of errors or suspected non-compliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that Portugal is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Portugal is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Portugal's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections,

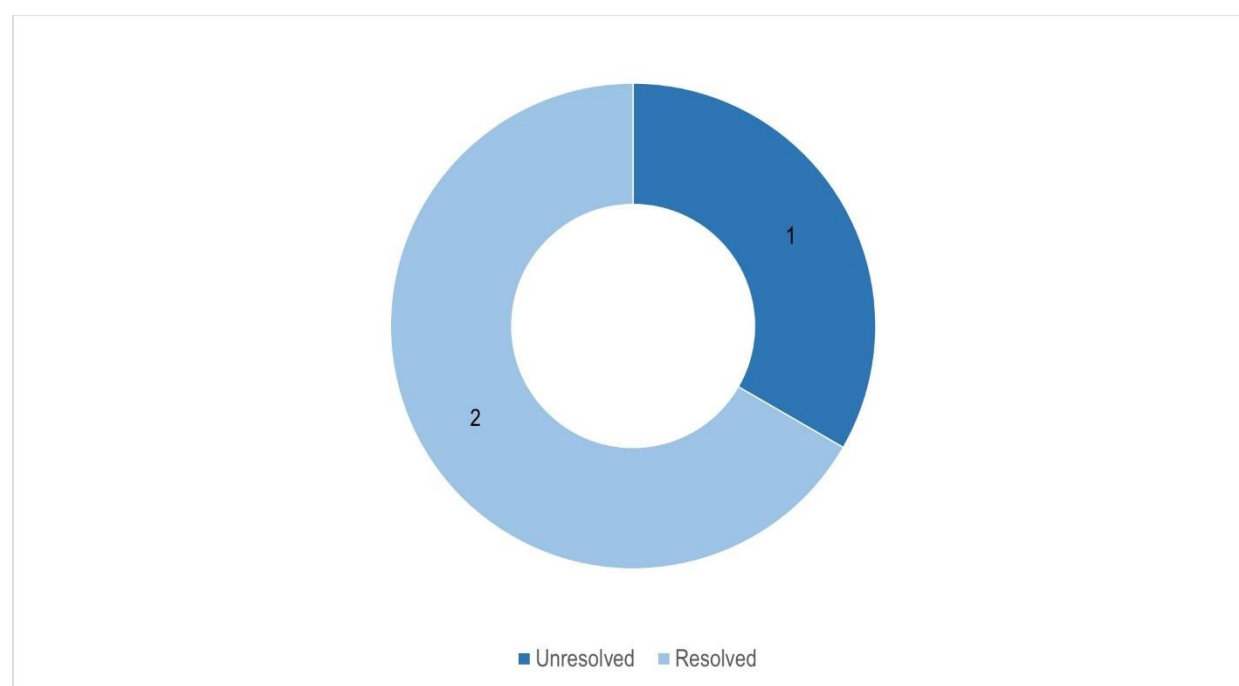
amendments or additions to the information (SR 2.9). Portugal is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Three exchange partners highlighted particular issues with respect to preparation and format of the information sent by Portugal (representing 4% of its partners). These generally related to validation errors. More generally, none of Portugal's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Portugal has already successfully addressed most of the issues.

Figure 2. Technical issues raised by Portugal exchange partners



Based on these findings it was concluded that, overall, Portugal is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to preparing and validating the information in accordance with the CRS XML Schema and associated requirements. Portugal is encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Portugal should work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Portugal linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Portugal is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Portugal is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Portugal's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Portugal and therefore with respect to Portugal's implementation of this requirement.

Based on these findings it was concluded that Portugal is fully meeting expectations in relation to exchanging the information in a timely manner. Portugal is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Portugal's exchange partners did not raise any concerns with respect to Portugal's use of the agreed transmission methods and therefore with Portugal's implementation of this requirement.

Based on these findings it was concluded that Portugal is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Portugal is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending Jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by Portugal, representing 2% of its partners. It was noted that Portugal appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Portugal is fully meeting expectations in relation to the receipt of the information. Portugal is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, Jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Portugal appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Portugal's exchange partners and therefore with respect to Portugal's implementation of this requirement.

Based on these findings it was concluded that Portugal is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Portugal is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Hong Kong (China).

Qatar

This report analyses the implementation of the AEOI Standard in Qatar with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Qatar's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Qatar's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Qatar's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Qatar's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Qatar is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Qatar commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Qatar:

- enacted Article 34 of the Income Tax Law promulgated by Law No. 24 of the year 2019;
- introduced MOF Decisions No.1 of 2018, and No.17 of 2019; and
- introduced GTA Decisions No.8 of 2019, and No. 6 of 2020.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

Following the initial Global Forum peer review, Qatar amended its legislative framework to address issues identified, effective from 23 August 2020.

With respect to the exchange of information under the AEOI Standard, Qatar:

- put in place seven bilateral agreements in time for exchanges in 2018¹; and
- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2019.

Table 1 sets out the number of Financial Institutions in Qatar that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Qatar requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Qatar's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	26
Financial Accounts reported in 2021	106 555

Table 2 sets out the number of exchange partners to which information was successfully sent by Qatar in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Qatar's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	9	49	49	58

In order to provide for the effective implementation of the AEOI Standard, in Qatar:

- the General Tax Authority (the tax authority) has the primary responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions, and it is supported in its compliance activities by the Qatar Central Bank, the Qatar Financial Markets Authority and the Qatar Financial Center Regulatory Authority (the authorities responsible for financial supervision). The General Tax Authority has the responsibility for exchanging the information with Qatar's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by an AEOI Portal, Tabadol, which permits CRS XML file upload, Excel file upload and information to be entered into an online manual form; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Qatar's legal frameworks implementing the AEOI Standard concluded with the determination that Qatar's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Qatar's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Qatar are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Qatar's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Qatar has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Qatar has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Qatar has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Qatar has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Qatar's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Qatar's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Qatar and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Qatar has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Qatar put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Qatar's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Qatar are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Qatar's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Qatar is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Qatar implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Qatar implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information obtained from AML supervisory authorities, information reported by Financial Institutions and risks to the AEOI Standard identified through engagement with its partners. Qatar's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Qatar intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Qatar has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as information collected domestically for tax purposes, the Foreign Financial Institution list for FATCA purposes and lists of supervised financial institutions. Qatar is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Qatar intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institutions responsible for implementing Qatar's compliance strategy appear to have the necessary powers and resources to discharge their functions and Qatar has put in place a framework, governed by Memoranda of Understanding, to oversee the activities carried out by the respective authorities. Comprehensive training is also provided to ensure that all authorities responsible for implementing Qatar's compliance strategy have the necessary understanding of the requirements of the AEOI Standard. With respect to resourcing, Qatar has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments, such as a tool for Financial Institutions to report Account Holders which have not provided self-certifications and a tool to risk assess the information reported by Financial Institutions. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Qatar effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Qatar is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Qatar will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Qatar has carried out substantial communication and outreach activities, such as training seminars and modules for Financial Institutions, and the issuance of circulars.
Verifying that Financial Institutions are reporting as required	Qatar has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as by cross-checking lists of financial institutions subject to regulatory supervision, the Foreign Financial Institution list for FATCA purposes and information collected domestically for tax purposes, and identified one Financial Institution incorrectly not reporting. It is following up on this issue with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Qatar has conducted a significant number of desk-based checks which

Activity type	Activities undertaken
	include a review of records to verify whether the information being reported is complete and accurate. Furthermore, Qatar has conducted some in-depth audits. Qatar has not yet conducted onsite visits, but has plans to do so in the near future.
Enforcement	Following the activities mentioned above, Qatar has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Qatar, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. Qatar stated that no undocumented accounts were reported.

Feedback from Qatar's exchange partners indicated that, compared to what they generally experience when seeking to match the information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Qatar. Follow-up discussions confirmed that Qatar is aware of this issue and is seeking to improve the situation.

Based on these findings it was concluded that Qatar is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Qatar is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Qatar exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Qatar implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Qatar has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Qatar is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Qatar is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Qatar's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Qatar exchanges information non-reciprocally, so does not receive information. Qatar is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted a particular issue with respect to preparation and format of the information sent by Qatar. This related to a file error. More generally, three (or 5%) of Qatar's exchange partners reported rejecting more than 25% of the files received, of which none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Qatar has already successfully addressed the issue raised.

Based on these findings it was concluded that Qatar is fully meeting expectations in relation to sorting, preparing and validating the information. Qatar is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Qatar linked to the CTS.

Based on these findings it was concluded that Qatar is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Qatar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Three exchange partners highlighted delays in the sending of information by Qatar (representing 5% of its partners). This represents a relatively high proportion of exchange partners. It was noted that this related to an isolated issue, which Qatar successfully addressed and after which it sent the information as soon as possible thereafter.

Based on these findings it was concluded that, overall, Qatar is meeting expectations in relation to exchanging the information in a timely manner. Qatar is encouraged to continue to ensure the ongoing effectiveness of its implementation including in relation to the area highlighted.

Recommendations:

Qatar should ensure it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Qatar's exchange partners did not raise any concerns with respect to Qatar's use of the agreed transmission methods and therefore with Qatar's implementation of this requirement.

Based on these findings it was concluded that Qatar is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Qatar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Qatar exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Qatar appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Qatar's exchange partners and therefore with respect to Qatar's implementation of these requirements.

Based on these findings it was concluded that Qatar appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Qatar is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

L'Autorité générale des impôts entend proposer des modifications à la Décision du Ministre des finances n° 17 de 2019 portant mise en œuvre du Standard commun de déclaration. Les modifications seront inspirés du Automatic Exchange of Information Toolkit du Global Forum on Transparency and Exchange of Information for Tax Purposes.

Translation: *The General Tax Authority intends to propose amendments to the Decision of the Minister of Finance No. 17 of 2019 implementing the Common Reporting Standard. The amendments will be based on the Automatic Exchange of Information Toolkit of the Global Forum on Transparency and Exchange of Information for Tax Purposes.*

Note

¹ With Ireland, Korea, Latvia, Malta, the Netherlands, South Africa and the United Kingdom. Qatar has also activated relationships under the CRS MCAA with all of these jurisdictions.

Romania

This report analyses the implementation of the AEOI Standard in Romania with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Romania's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Romania's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all Romania's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Romania's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Romania is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Romania commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Romania:

- enacted Law No. 70/2016;
- introduced Order No. 1939/2016 and Order No. 4142/2017;
- amended Law No. 207/2015 on the Fiscal Procedure Code and further amended it in 2022; and
- enacted Law No. 129/2019 for preventing and combating money laundering and terrorist financing as amended by Emergency Government Ordinance No. 111/2020, which came into effect on 15 July 2020.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Romania amended its legislative framework to address issues identified, the last of which was effective from 30 June 2022.

With respect to the exchange of information under the AEOI Standard, Romania:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Romania that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Romania requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Romania's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	83
Financial Accounts reported in 2021	526 898

Table 2 sets out the number of exchange partners to which information was successfully sent by Romania in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Romania's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	59	65	67	71

In order to provide for the effective implementation of the AEOI Standard, in Romania:

- the National Agency for Fiscal Administration (NAFA) (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Romania's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the National Financial Intelligence Centre, which ensure the validation of the data reported by Financial Institutions before it is exchanged with Romania's exchange partners;
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Romania's legal frameworks implementing the AEOI Standard concluded with the determination that Romania's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Romania's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Romania are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Romania's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Romania has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them

Findings:

Romania has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Romania has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Romania has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Romania's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Romania's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Romania and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Romania has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Romania put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Romania's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal framework

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Romania are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Romania's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Romania is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Romania should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Romania implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Romania commenced implementing a strategy aimed at ensuring compliance with the AEOI Standard and carried out a risk assessment that took into account a range of relevant information sources. Romania also pursued communication and outreach activities, such as responding to requests for information from Financial Institutions, providing technical support regarding the information reported through the domestic AEOI application and providing guidance to Reporting Financial Institutions on due diligence processes. Romania further established a specific risk analysis unit and data analysis measures to ensure data quality.
- Romania has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, public registers of regulated entities obtained from supervisory authorities, information from professional associations and information held by the tax authority. Romania is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Romania intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- With respect to resourcing, Romania has assigned the equivalent of six full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments.
- Romania has conducted a significant number of desk-based monitoring and verification activities, including through analysis of the information reported, the reviews of the policies and procedures used by Reporting Financial Institutions and specific checks on self-certifications. Romania has not yet conducted in-depth audits, including onsite visits and the review of records of the due diligence undertaken. Furthermore, Romania's enforcement framework is not yet fully developed in detail.
- Romania is following up with Reporting Financial Institutions that report undocumented accounts and has successfully reduced the number reported significantly after clarifying earlier misunderstandings among Reporting Financial Institutions that led to high numbers of undocumented accounts being reported. However, Romania does not have procedures to take action to address circumvention of the requirements by Financial Institutions, persons or intermediaries if such circumvention is detected.
- It is noted that Romania does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Romania has carried out some communication and outreach activities, such as responding to requests for information from Financial Institutions, providing technical support regarding the information exchanged and providing guidance to Reporting Financial Institutions, for example, guidelines on the due diligence processes.
Verifying that Financial Institutions are reporting as required	Romania has carried out some verification activities to ensure that

Activity type	Activities undertaken
	Financial Institutions are reporting as required, such as cross-checking the registers of regulated entities from the National Bank and the Financial Supervisory Authorities, the Foreign Financial Institution list for FATCA purposes and the data submitted by the Reporting Financial Institutions. Romania notified Reporting Financial Institutions when they have not fulfilled their reporting duties and identified some Financial Institutions as incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Romania has conducted several wide-ranging desk-based checks to verify whether the information being reported is complete and accurate and has followed up with Reporting Financial Institutions where issues are identified. Furthermore, Romania has not yet conducted in-depth audits or onsite visits, although it intends to do so in the near future.
Enforcement	Following the activities mentioned above, Romania has not yet imposed penalties and sanctions.

With respect to the Financial Account information collected and sent by Romania, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions.

Information provided by Romania also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced significantly over time. As mentioned above, Romania is aware of this issue and is taking steps to address it.

Feedback from Romania's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from Romania. Furthermore, eight exchange partners highlighted issues with respect to the information received, such as invalid Tax Identification Numbers and inaccuracy of dates of birth. Additionally, one exchange partner highlighted particular issues related to variations in the amount of data sent between different reporting periods.

Based on these findings it was concluded that Romania is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to Romania's compliance and enforcement strategy, its framework to prevent circumvention of the requirements, and addressing the issues raised by its exchange partners. Romania should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Romania should further implement its plan to verify compliance, including through in-depth verification activities to ensure that the information reported is complete and accurate.

Romania should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Romania should further develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified.

Romania should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Romania implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Romania has the necessary systems and procedures to process them as required. It also appears that Romania will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Romania is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Romania is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating, and transmitting it in accordance with the AEOI Standard.

Rating: On Track

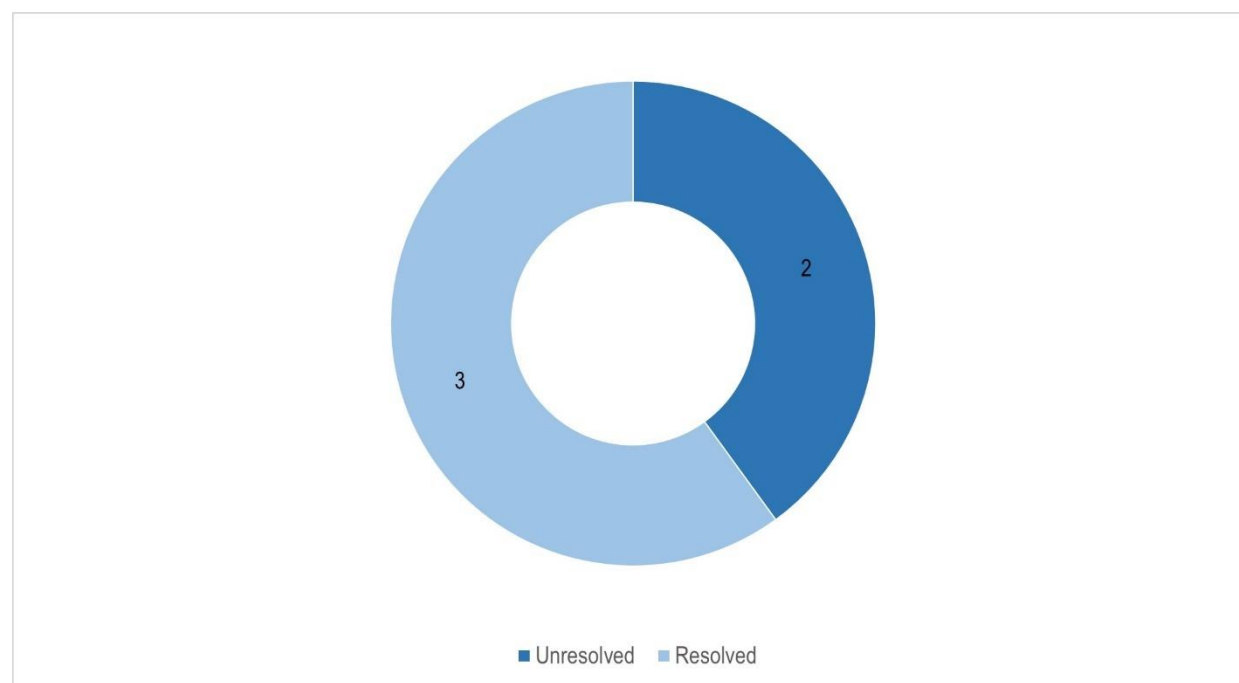
Romania's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Romania has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Five exchange partners highlighted particular issues with respect to preparation and format of the information sent by Romania (representing 7% of its partners). These generally related to the use of old transmission certificates and file decryption problems. More generally, three (or 4%) of Romania's exchange partners reported rejecting more than 25% of the files received, of which two (or 3%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Romania has introduced a new system to sort, prepare, validate and transmit the information, and is in the process of addressing the issues.

Figure 1. Technical issues raised by Romania's exchange partners



Based on these findings it was concluded that, overall, Romania is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to sorting, preparing and validating the information. Romania is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Romania should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Romania linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Romania is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Romania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Three exchange partners highlighted delays in the sending of information by Romania (representing 4% of its partners). This represents a relatively high proportion of exchange partners. It was noted that Romania successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Romania is fully meeting expectations in relation to exchanging the information in a timely manner. Romania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Romania's exchange partners did not raise any concerns with respect to Romania's use of the agreed transmission methods and therefore with Romania's implementation of this requirement.

Based on these findings it was concluded that Romania is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Romania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Romania's exchange partners did not raise any concerns with respect to Romania's receipt of the information and therefore with Romania's implementation of these requirements.

Based on these findings it was concluded that Romania is fully meeting expectations in relation to the receipt of the information. Romania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Romania appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Romania's exchange partners and therefore with respect to Romania's implementation of these requirements.

Based on these findings it was concluded that Romania appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Romania is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The overall compliance strategy to ensure the effective implementation of the AEOI standard in Romania has clear objectives as mentioned, and they aim at the following: ensuring knowledge of the domestic and international legal framework by all stakeholders, verifying compliance with reporting obligations by reporting financial institutions, checking the quality of data in accordance with the CRS standard, ensuring the transmission of data to exchange partners. Also, the compliance activities carried out cover areas as following: identification of the RFIs population, RFI's compliance with implementation obligations, due diligence and reporting requirements, data quality checks, collaborating with exchange partners on compliance, analysis of feedback and notifications received from exchange partners.

RFIs are subject to the provisions of the Fiscal Procedure Code (Law 207/2015) on the obligations to provide documents and information requested by the tax authority. NAFA has the necessary powers to discharge its functions and to request from RFIs both supporting documents and information and clarifications on due diligence measures undertaken. Requesting supporting documents and information are actions that can be taken both in case of desk audit checks and for onsite verifications. Onsite visits are particularly foreseen for situations where the level of risk is assessed as high and the analysis shows a systematic non-compliance of a reporting financial institution, or for those cases where checks are required which by their nature can only be carried out on the spot (e.g. checks on systems used, databases). Such situations have not been encountered so far and as a result no onsite visits have been made. At the same time, NAFA has the authority to order measures to remedy the identified non-compliance. In addition, as of 1 July 2022, amendments to the national legislation on the CRS to implement the recommendations of the OECD have entered into force. The new provisions include comprehensive and dissuasive sanctions for RFI's failure to comply with the reporting and due diligence requirements and as a result such measures can be applied when identifying non-compliance situations.

The Responsible Authority fully understands the importance of complying with the high standards imposed by the CRS and is therefore aware that it is necessary to continue to take action to ensure the implementation of the Standard as required.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Russia

This report analyses the implementation of the AEOI Standard in Russia with respect to the requirements of the AEOI Terms of Reference. It assesses the legal frameworks put in place to implement the AEOI Standard.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Russia's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Russia's international legal framework to exchange the information with all of Russia's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of AEOI Standard. Most significantly, the scope of Reporting Financial Institutions and Reportable Accounts are not fully in accordance with the AEOI Standard and there are deficiencies in relation to the framework to enforce of the requirements.

Overall determination on the legal framework: In Place But **Needs Improvement**

General context

Russia commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Russia:

- enacted Federal Law No. 340-FZ;
- introduced Decree of June 16, 2018, No. 693; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 20 July 2018. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 July 2018 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Russia is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Russia are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Russia's domestic legislative framework is in place and contains many of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1), the due diligence procedures to be applied (SR 1.2), and the framework to enforce the requirements (SR 1.4). Most significantly, key definitions significant to the scope of Reporting Financial Institutions, including Participating Jurisdiction Financial Institution and Financial Assets, are not in accordance with the requirements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Russia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, Russia's legislative framework does not explicitly incorporate the definition of Participating Jurisdiction Financial Institution, and the definition of Financial Assets is not in accordance with the requirements. The scope of Reporting Financial Institutions is material to the proper functioning of the AEOI Standard.

Recommendations:

Russia should amend its domestic legislative framework to define Financial Asset using an inclusive approach as contained in the AEOI Standard, rather than using an exhaustive list.

Russia should amend its domestic legislative framework to explicitly incorporate the relevant definitions defining the scope of Reporting Financial Institutions, such as the definition of Participating Jurisdiction Financial Institution.

Russia should amend its legislative framework to incorporate the definition of "managed by" in relation to the definition of Investment Entity.

Russia should amend its domestic legislative framework to require the interpretation of Investment Entity to be consistent with similar language defining "financial institution" in the Financial Action Task Force Recommendations.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Russia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and has incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Russia's legislative framework:

- does not provide for the interpretation of "change of circumstances" in accordance with the requirements; and
- does not define Reportable Jurisdiction Person or Account Holder in accordance with the requirements.

The deficiencies relate to key elements of the AEOI Standard and are therefore material to its proper functioning.

Recommendations:

Russia should amend its domestic legislative framework to ensure that “change of circumstances” is defined in accordance with the AEOI Standard, rather than being restricted to circumstances that lead or may lead to the change of residence for tax purposes.

Russia should amend its domestic legislative framework to define Account Holder in accordance with the AEOI Standard.

Russia should amend its domestic legislative framework to explicitly include the estate of a decedent that was a resident of a Reportable Jurisdiction as a Reportable Jurisdiction Person.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Russia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Russia has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Russia’s legislative framework:

- does not include rules to prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures as required; and
- does not impose sanctions on Accounts Holders and Controlling Persons for the provision of a false self-certification.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Russia should amend its domestic legislative framework to include rules to prevent Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures.

Russia should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Russia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Russia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Russia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Russia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Russia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Russia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Saint Kitts and Nevis

This report analyses the implementation of the AEOI Standard in Saint Kitts and Nevis with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Saint Kitts and Nevis' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Saint Kitts and Nevis' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Saint Kitts and Nevis' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Saint Kitts and Nevis' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Saint Kitts and Nevis is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Saint Kitts and Nevis commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Saint Kitts and Nevis:

- enacted the Common Reporting Standard (Automatic Exchange of Financial Account Information) Act 2016, as amended in 2018; and
- introduced the Common Reporting Standard (Automatic Exchange of Financial Account Information) Regulations 2016, as amended in 2018.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Saint Kitts and Nevis made various amendments to its legislative framework to address issues identified, the last of which was effective from 16 August 2018.

With respect to the exchange of information under the AEOI Standard, Saint Kitts and Nevis is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Saint Kitts and Nevis that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Saint Kitts and Nevis requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Saint Kitts and Nevis' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	255
Financial Accounts reported in 2021	1 263

Table 2 sets out the number of exchange partners to which information was successfully sent by Saint Kitts and Nevis in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Saint Kitts and Nevis' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	25	62	57	59

In order to provide for the effective implementation of the AEOI Standard, in Saint Kitts and Nevis:

- the St. Kitts and Nevis Inland Revenue Department (SKNIRD, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and to receive and transmit the information with partner jurisdictions;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by having a dedicated AEOI portal where Financial Institutions report information and a AEOI System that performs validation in accordance with the CRS Schema; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Saint Kitts and Nevis' legal frameworks implementing the AEOI Standard concluded with the determination that Saint Kitts and Nevis' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Saint Kitts and Nevis' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Saint Kitts and Nevis are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Saint Kitts and Nevis' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Saint Kitts and Nevis has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Saint Kitts and Nevis has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Saint Kitts and Nevis has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Saint Kitts and Nevis has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Saint Kitts and Nevis' international legal framework to exchange the information in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Saint Kitts and Nevis' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Saint Kitts and Nevis and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Saint Kitts and Nevis has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Saint Kitts and Nevis put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Saint Kitts and Nevis' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Saint Kitts and Nevis is in agreement with the findings and determinations that are reflected in the report and would like to thank the assessors for their dedication and collaboration during the process.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Saint Kitts and Nevis are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Saint Kitts and Nevis' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6). Saint Kitts and Nevis is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Saint Kitts and Nevis implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Saint Kitts and Nevis designed and started implementing an overarching strategy to ensure compliance with the AEOI Standard developed with the inclusion of a risk assessment taking into account a range of relevant information sources, such as the “AEOI Compliance Form” questionnaire to be submitted on an annual basis by Reporting Financial Institutions, feedback received from partner jurisdictions and AML risk rating.
- Saint Kitts and Nevis has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the list of Financial Entities registered with the Financial Services Regulatory Commission, the database of the Internal Revenue Service, information from public sources and the results of onsite visits. Saint Kitts and Nevis has begun follow-up activities with Financial Institutions that do not report information, or that do not submit a nil return, and is taking action to ensure they are classifying themselves correctly under its domestic rules and reporting information as required.
- The Inland Revenue Department, responsible for implementing Saint Kitts and Nevis’ AEOI compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Saint Kitts and Nevis’ International Tax Unit has a team of three full time employees that monitor and ensure compliance by Reporting Financial Institutions and are also responsible for all other international tax matters. They are currently supported by five auditors assigned to the unit on a temporary and part-time basis to assist in the implementation of the jurisdiction’s AEOI compliance mechanisms. They have access to training, technical support and a system to receive and analyse reported information. There are also plans to increase the resources in the International Tax Unit with five additional full-time employees.
- It appears that Saint Kitts and Nevis has started enforcing the requirements, including through the review of the questionnaire responses by all Financial Institutions on their due diligence processes and controls (including with respect to self-certifications), the inspection of records of Reporting Financial Institutions, desk-based audits and onsite visits. However, while the SKNIRD issued recommendations for Reporting Financial Institutions to address gaps in their compliance with the AEOI Standard, the application of penalties and sanctions for non-compliance has not been considered.
- Saint Kitts and Nevis actively monitors to identify possible cases of circumvention and is ready to take effective action to address circumvention of the requirements if such circumvention is detected and it will follow up on any undocumented accounts reported (while Reporting Financial Institutions are required by law to report undocumented accounts, to date there have been no reports of undocumented accounts in Saint Kitts and Nevis).
- It is noted that Saint Kitts and Nevis does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Saint Kitts and Nevis has carried out substantial communication and outreach activities, such as publishing guidance and answers to Frequently Asked Questions on the tax authority's website and a mailing list for Financial Institutions.
Verifying that Financial Institutions are reporting as required	Saint Kitts and Nevis frequently monitors entities that have failed to register as required. Furthermore, Saint Kitts and Nevis has required AEOI Compliance questionnaires to be completed by Reporting Financial Institutions and has reviewed the results. It has also carried out some other verification activities to ensure that Financial Institutions are reporting as required.
Verifying whether the information reported is complete and accurate	Saint Kitts and Nevis has conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Saint Kitts and Nevis has conducted some onsite audits. Based on these activities, Saint Kitts and Nevis was able to identify Reportable Accounts for which information was not reported or was reported incorrectly.
Enforcement	Following the activities mentioned above, Saint Kitts and Nevis has issued recommendations for Reporting Financial Institutions to address gaps in their compliance with the AEOI Standard and has provided them a specified timeframe (depending on the particular issue identified) to address the deficiencies. Saint Kitts and Nevis has not yet imposed penalties and sanctions.

In terms of the Financial Account information collected and sent by Saint Kitts and Nevis, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Saint Kitts and Nevis nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Saint Kitts and Nevis is aware of these issues and is taking steps to address them. Saint Kitts and Nevis stated that no undocumented accounts were reported.

Eight exchange partners highlighted issues with respect to the information received, such as missing or invalid Tax Identification Numbers or incorrect address. Follow-up discussions confirmed that Saint Kitts and Nevis is aware of these issues and is seeking to improve the situation. More generally, many of the exchange partners that received a significant number of records from Saint Kitts and Nevis indicated that they achieved a success rate when matching the information received from Saint Kitts and Nevis with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Saint Kitts and Nevis is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to further implementing effective compliance reviews and enforcement activities. Saint Kitts and Nevis should therefore continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Saint Kitts and Nevis should continue to implement and expand its activities to verify and ensure that Reporting Financial Institutions are correctly conducting their due diligence and reporting obligations.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Saint Kitts and Nevis exchanges information on a non-reciprocal basis and does not therefore receive information; it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Saint Kitts and Nevis implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Saint Kitts and Nevis has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Saint Kitts and Nevis is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Saint Kitts and Nevis is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Saint Kitts and Nevis' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Saint Kitts and Nevis exchanges information non-reciprocally, so does not receive information. Saint Kitts and Nevis is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Saint Kitts and Nevis' exchange partners did not raise any specific concerns with respect to their ability to process the information received from Saint Kitts and Nevis and therefore with respect to Saint Kitts and Nevis' implementation of these requirements. More generally, one of Saint Kitts and Nevis' exchange partners reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions. It was noted that Saint Kitts and Nevis has still not yet addressed the issue.

Based on these findings it was concluded that, overall, Saint Kitts and Nevis is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to ensuring that correct files are sent to all exchange partners.

Saint Kitts and Nevis is encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Saint Kitts and Nevis should continue to engage with its exchange partner to address the issue raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Saint Kitts and Nevis linked to the CTS.

Based on these findings it was concluded that Saint Kitts and Nevis is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Saint Kitts and Nevis is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Saint Kitts and Nevis. This represents a relatively high proportion of exchange partners. Furthermore, Saint Kitts and Nevis has still not yet sent some of the information due to be exchanged in 2021.

Based on these findings it was concluded that, overall, Saint Kitts and Nevis is meeting expectations in relation exchanging information in a timely manner. It was also noted that there is room for improvement with respect to ensuring that information is exchange with all of its partners in a timely manner. Saint Kitts and Nevis is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Saint Kitts and Nevis should ensure it sends information to all of its partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Saint Kitts and Nevis' exchange partners did not raise any concerns with respect to Saint Kitts and Nevis' use of the agreed transmission methods and therefore with Saint Kitts and Nevis' implementation of this requirement.

Based on these findings it was concluded that Saint Kitts and Nevis is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Saint Kitts and Nevis is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Saint Kitts and Nevis exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Saint Kitts and Nevis appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Saint Kitts and Nevis exchange partners and therefore with respect to Saint Kitts and Nevis' implementation of these requirements.

Based on these findings it was concluded that Saint Kitts and Nevis appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Saint Kitts and Nevis is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Saint Kitts and Nevis reiterates its commitment to the work of the Global Forum on Transparency and Exchange of Information.

The Competent Authority of Saint Kitts and Nevis continue to work with exchange partners and domestic stakeholders to ensure the effective exchange of financial information in compliance with the Standard.

The Competent Authority of Saint Kitts and Nevis appreciates the support and guidance received during this process.

Saint Lucia

This report analyses the implementation of the AEOI Standard in Saint Lucia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Saint Lucia's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Saint Lucia's international legal framework to exchange the information with all of Saint Lucia's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, Saint Lucia's legislative framework provides for a category of jurisdiction-specific Excluded Account that is not in accordance with the requirements and does not impose sanctions for the provision of a false self-certification.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Saint Lucia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Saint Lucia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Saint Lucia commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Saint Lucia:

- enacted the Automatic Exchange of Financial Account Information Act No. 22 of 2016, which was subsequently amended by the Automatic Exchange of Financial Account Information (Amendment) Act No. 10 of 2017, the Automatic Exchange of Financial Account Information (Amendment Schedule 2) Order S.I. 105 of 2017 and the Automatic Exchange of Financial Account Information (Amendment) Act No. 7 of 2018;
- introduced the Automatic Exchange of Financial Account Information (Designation of Excluded Accounts) Order No. 106 of 2017 and the Automatic Exchange of Financial Account Information

(Designation of Non-Reporting Financial Institution) Order No. 107 of 2017, which were subsequently amended by the Automatic Exchange of Financial Account Information (Designation of Excluded Accounts) Order No. 119 of 2017, the Automatic Exchange of Financial Account Information (Designation of Non-Reporting Financial Institution) Order No. 7 of 2019 and the Automatic Exchange of Financial Account Information (Designation of Excluded Accounts) Order No. 8 of 2019; and

- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Saint Lucia made various amendments to its legislative framework to address issues identified, the last of which was effective from 11 February 2019.

With respect to the exchange of information under the AEOI Standard, Saint Lucia is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Saint Lucia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Saint Lucia requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Saint Lucia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	31
Financial Accounts reported in 2021	4 879

Table 2 sets out the number of exchange partners to which information was successfully sent by Saint Lucia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Saint Lucia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	40	61	65	68

In order to provide for the effective implementation of the AEOI Standard, in Saint Lucia:

- the Inland Revenue Department (the tax authority) is the delegated Competent Authority and has the responsibility to ensure the effective implementation of the due diligence and reporting

obligations by Reporting Financial Institutions and for exchanging the information with Saint Lucia's exchange partners;

- the tax authority maintains a close working relationship with the financial regulators, especially the Financial Intelligence Authority (FIA) and the Eastern Caribbean Central Bank (ECCB) in the discharge of its supervisory duties; the tax authority further maintains close working relationship with other units within the Inland Revenue Department, Financial Services Regulatory Authority (FSRA), the Registry of Companies and Intellectual Property (ROCIP) and the Registry of International Business Companies (ROIBC).
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the tax authority and its IT department, which ensures the validation of the data reported by Financial Institutions before it is exchanged with Saint Lucia's exchange partners;
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Saint Lucia's legal frameworks implementing the AEOI Standard concluded with the determination that Saint Lucia's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Saint Lucia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Saint Lucia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Saint Lucia's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2) and the enforcement framework (SR 1.4). Most significantly, Saint Lucia provides for a category of jurisdiction-specific Excluded Account that is not in accordance with the requirements and does not impose sanctions on Accounts Holders and Controlling Persons for providing a false self-certification.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Saint Lucia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Saint Lucia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them largely in accordance with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Saint Lucia has provided for a jurisdiction-specific Excluded Account that is not in accordance with the requirements. The scope of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

Saint Lucia should amend its domestic legislative framework to remove the Pension Fund Accounts from its jurisdiction-specific list of Excluded Accounts as they do not meet the requirements in the AEOI Standard, such as full reporting to the authorities with respect to the Account Holders and penalties on early withdrawals.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Saint Lucia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Saint Lucia has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, Saint Lucia's legislative framework does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Saint Lucia should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Saint Lucia should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records of self-certifications for at least five years from the deadline to report the information, rather than six years from the date when an account is closed.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Saint Lucia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Saint Lucia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Saint Lucia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Saint Lucia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Saint Lucia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Saint Lucia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Saint Lucia notes the comments on the AEOI legal determination report and commits to making the necessary changes in adherence to the recommendations.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Saint Lucia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Saint Lucia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context,

such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Saint Lucia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Saint Lucia implemented most of the requirements in accordance with expectations. However, some issues were identified. The key findings were as follows:

- Saint Lucia implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account relevant information sources. These consisted of the profile of the financial sector, discussions with the financial regulators, the conclusions of the CFATF Mutual Evaluation Report, peer input, outcomes of audits already carried out and the submissions made by Reporting Financial Institutions. Saint Lucia's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Saint Lucia intends to keep its compliance strategy and risk assessment under review (on an annual basis) to ensure its effectiveness on an ongoing basis.
- Saint Lucia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the list of regulated Financial Institutions, the Foreign Financial Institution list for FATCA purposes, registers with entities carrying out relevant economic activities and information from Reporting Financial Institutions regarding accounts that they maintain and are identified as being held by other Financial Institutions. Saint Lucia has taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required.

Saint Lucia intends to keep its understanding of its Financial Institution population up to date on a routine basis.

- The tax authority responsible for implementing Saint Lucia's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Saint Lucia has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions, who are supported by IT staff personnel, a legal officer and can draw on the assistance from the FIA staff and the auditors from the Inland Revenue Department. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities. While Saint Lucia has not fully carried out its planned compliance activities, initial review activities have started.
- It appears that Saint Lucia is ready to effectively enforce the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. Saint Lucia has conducted compliance activities, such as desk-based reviews and the inspection of records held by Reporting Financial Institutions. It plans to conduct onsite visits but has temporarily replaced them with tailored online meetings due to impediments resulting from the COVID-19 situation. These have covered several Reporting Financial Institutions where issues were identified with respect to their filing of information. While there were no instances to date where penalties or sanctions for non-compliance were applied, Saint Lucia has a defined pathway on how to address identified instances of non-compliance. Similarly, the review of self-certification as part of the compliance review strategy has not yet commenced, but there are plans to start review activities shortly.
- Saint Lucia is ready to take effective action to address circumvention of the requirements if such circumvention is detected and ensure to follow up on undocumented accounts should such be reported (it has not identified any reported to date).
- Saint Lucia will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Saint Lucia has carried out some communication and outreach activities, such as training and information sessions with industry representatives, emails and direct telephone and face-to-face assistance with queries. Further up-to-date information and guidance notes are also available on the Inland Revenue Department's website.
Verifying that Financial Institutions are reporting as required	Saint Lucia has carried out some verification activities to ensure that Financial Institutions are reporting as required, including by cross-checking third party sources, such as the Foreign Financial Institution list for FATCA purposes, regulatory lists and registers with entities carrying out financial activities. In addition, the Financial Institutions, which the tax authority is in contact with, have been asked to provide the list of Financial Institutions which do business with them, and to furnish the self-certification provided by these entities.
Verifying whether the information reported is complete and accurate	Saint Lucia has conducted desk-based checks to verify whether the information being reported is complete and accurate, and has plans to expand these activities in the near future. Furthermore, Saint Lucia has conducted several in-depth reviews where issues have been identified. Based on the checks conducted to date, it accordingly identified some issues, commonly concerning Financial Account data that was wrongly not reported. It is following up on these issues with a view to ensuring

Activity type	Activities undertaken
Enforcement	future compliance. Following the activities mentioned above, Saint Lucia has not yet imposed penalties and sanctions, but has plans to do so in the near future.

In terms of the Financial Account information collected and sent by Saint Lucia, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Saint Lucia nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Follow-up discussions confirmed that Saint Lucia is aware of these issues and is taking steps to address them. With respect to undocumented accounts, none have yet been reported.

More generally, many of the exchange partners that received a significant number of records from Saint Lucia indicated that they achieved a success rate when matching the information received from Saint Lucia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Saint Lucia is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to fully implementing its plans to systematically carry out reviews. Saint Lucia is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Saint Lucia should fully operationalise an effective overarching compliance strategy, which includes planned compliance activities and verification actions.

Saint Lucia should implement its procedure to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Saint Lucia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Saint Lucia has the necessary systems and procedures to process them as required. It also appears that Saint Lucia will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Saint Lucia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Saint Lucia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Saint Lucia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Saint Lucia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Saint Lucia's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Saint Lucia and therefore with respect to Saint Lucia's implementation of these requirements.

Based on these findings it was concluded that Saint Lucia is fully meeting expectations in relation to sorting, preparing and validating the information. Saint Lucia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Saint Lucia linked to the CTS.

Based on these findings it was concluded that Saint Lucia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Saint Lucia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Saint Lucia's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Saint Lucia and therefore with respect to Saint Lucia's implementation of this requirement.

Based on these findings it was concluded that Saint Lucia is fully meeting expectations in relation to exchanging the information in a timely manner. Saint Lucia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Saint Lucia's exchange partners did not raise any concerns with respect to Saint Lucia's use of the agreed transmission methods and therefore with Saint Lucia's implementation of this requirement.

Based on these findings it was concluded that Saint Lucia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Saint Lucia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Six exchange partners highlighted delays in the sending of status messages by Saint Lucia, representing 7% of its partners. This represents a relatively high proportion of partners and has not improved over time. Saint Lucia is aware of these issues and is in the process of addressing them, but not all of the issues appear to have been resolved.

Based on these findings it was concluded that, overall, Saint Lucia is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the timeliness of sending status messages. Saint Lucia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including in relation to the area highlighted.

Recommendations:

Saint Lucia should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Saint Lucia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Saint Lucia's exchange partners and therefore with respect to Saint Lucia's implementation of these requirements.

Based on these findings it was concluded that Saint Lucia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Saint Lucia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Saint Lucia will continue its efforts to ensure the effective implementation of the Standard and will work to implement the recommendations received.

Saint Vincent and the Grenadines

This report analyses the implementation of the AEOI Standard in Saint Vincent and the Grenadines with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Saint Vincent and the Grenadines' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Saint Vincent and the Grenadines' international legal framework to exchange the information with all of Saint Vincent and the Grenadines Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has two main deficiencies significant to the proper functioning of elements of the AEOI Standard. These are, firstly, Saint Vincent and the Grenadines' legislative framework provides for jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements and secondly, there is a deficiency in the enforcement framework in place.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Saint Vincent and the Grenadines' implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Saint Vincent and the Grenadines commenced exchanges under the AEOI Standard in 2018, and exchanges information on a non-reciprocal basis (i.e. Saint Vincent and the Grenadines sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Saint Vincent and the Grenadines:

- enacted the Automatic Exchange of Information (Common reporting Standards) Act 2016; and
- introduced the Automatic Exchange of Information (Common reporting Standards) Regulations 2016.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Saint Vincent and the Grenadines is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

As set out in Table 1, information on the number of Financial Institutions in Saint Vincent and the Grenadines that reported information on Financial Accounts as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction) and the number of Financial Accounts that they reported is not available.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	Not available
Financial Accounts reported in 2021	Not available

Table 2 sets out the number of exchange partners to which information was successfully sent by Saint Vincent and the Grenadines in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Saint Vincent and the Grenadines' exchanges in practice, which is also analysed in subsequent sections of this report. It is noted that Saint Vincent and the Grenadines did not carry out the exchanges that were due to take place in 2020 and 2021 due to technical problems.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	65	56	No exchanges	No exchanges

In order to provide for the effective implementation of the AEOI Standard, in Saint Vincent and the Grenadines:

- the Inland Revenue Department (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Saint Vincent and the Grenadines' exchange partners;
- the technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by an online portal but Saint Vincent and the Grenadines has experienced technical problems that prevented it from carrying out exchanges in 2020 and 2021; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Saint Vincent and the Grenadines' legal frameworks implementing the AEOI Standard concluded with the determination that Saint Vincent and the Grenadines' domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Saint Vincent and the Grenadines'

implementation of the AEOI Standard in practice, and where particular identified gaps in Saint Vincent and the Grenadines' legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Saint Vincent and the Grenadines are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Saint Vincent and the Grenadines' domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the framework to enforce the requirements (SR 1.4). More specifically, Saint Vincent and the Grenadines provides for jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements and there is a deficiency in the enforcement framework in place.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Saint Vincent and the Grenadines has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, certain specific deficiencies have been identified, namely Saint Vincent and the Grenadines provides for two jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements. The scope of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Saint Vincent and the Grenadines should amend its domestic legislative framework to remove Friendly Societies from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements of the AEOI Standard such as in relation to the purpose of the deposits and the restrictions on the contributions and withdrawals.

Saint Vincent and the Grenadines should amend its domestic legislative framework to remove Non-Profit Organisations from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements in the AEOI Standard.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Saint Vincent and the Grenadines has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No Recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Saint Vincent and the Grenadines has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Saint Vincent and the Grenadines has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. Saint Vincent and the Grenadines' legislative framework does not include sanctions on Reporting Financial Institutions for failing to apply due diligence procedures in accordance with the AEOI Standard. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Saint Vincent and the Grenadines should amend its domestic legislative framework to include sanctions for failure to apply the due diligence and reporting procedures, rather than being limited to failures leading to incorrect reporting.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Saint Vincent and the Grenadines' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Saint Vincent and the Grenadines' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Saint Vincent and the Grenadines and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Saint Vincent and the Grenadines has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Saint Vincent and the Grenadines put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Saint Vincent and the Grenadines' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Saint Vincent and the Grenadines remains committed to ensuring that its legal framework for the implementation of the AEOI Standard is fully consistent with the requirements of the AEOI Terms of Reference.

Saint Vincent and the Grenadines notes the recommendations made and will work towards meeting these recommendations.

At the same time, Saint Vincent and the Grenadines wishes to record by way of comment, one matter arising from its present assessment. While Saint Vincent and the Grenadines immediately sees the necessity of removing Non-Profit Organizations from its List of Non-Reporting Financial Institutions, the country is obliged to indicate its view that the recommendation with respect to Friendly Societies does not properly reflect the facts in our jurisdiction with respect to this type of financial entity. A Friendly Society is an indigenous community driven, alternative savings association, developed to address a particular need of rural communities in relation to the affordability of burial expenses. Though the narrow purpose of the Friendly Society is a financial benefit upon the occurrence of death, one other incidental purpose has evolved along the years, in the form of very small savings brought about by any contribution in excess of the required contribution, being returned to the member once annually.

The authorities in Saint Vincent and the Grenadines are unable to refute the conclusion that based on the technical requirements of the Standard for Automatic Exchange of Financial Account Information in Tax Matters, a Friendly Society under the law of Saint Vincent and the Grenadines is precluded from being classified as a Broad Participation Retirement Fund, or strictly captured under Sub-Paragraph B(5)(1)(c). However, in the country's specific context, the authorities in Saint Vincent and the Grenadines wish to underscore that Friendly Societies are an example of a financial entity which fulfils the technical requirements of the Standards of being a Reporting Institution, however, its operational basis for AEOI is nil or negligible and likewise its financial account information will invariably have nil or negligible value to the country's AEOI partners.

The jurisdiction suggests that it may be worthwhile to consider whether it should be given an opportunity to bring Friendly Societies more in line with the requirements of a Non-Reporting Financial Institution as a more apposite treatment of this particular entity, rather than incurring an administrative burden on this type of low risk entity and causing a deluge of information to the country's AEOI partners, which the authorities are confident would serve no useful or relevant purpose in tackling tax evasion and avoidance.

Saint Vincent and the Grenadines reiterates its commitment to being a responsible, co-operative and accountable tax jurisdiction, as has been demonstrated by measures taken, both legislative and administrative, over the past several years.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Saint Vincent and the Grenadines are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Saint Vincent and the Grenadines' implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Saint Vincent and the Grenadines is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5).

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;

- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Saint Vincent and the Grenadines implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Saint Vincent and the Grenadines has carried out communication activities to help promote compliance and has conducted a risk assessment that took into account the information provided by the financial regulators and areas of possible uncertainty highlighted during the review of its legislative framework. However, Saint Vincent and the Grenadines does not have a clearly defined overarching compliance strategy to ensure that Financial Institutions correctly implement the requirements under the AEOI Standard in practice.
- Saint Vincent and the Grenadines has worked to understand its population of Financial Institutions, including non-regulated entities, utilising various relevant information sources, such as the list of regulated entities from the financial regulators and the Foreign Financial Institutions list for FATCA purposes. However, Saint Vincent and the Grenadines has not yet taken actions to verify that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. There is also no clearly defined, written policy to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Saint Vincent and the Grenadines' compliance strategy does not appear to have the necessary resources to discharge its functions. The lack of technical resources raises significant concerns on Saint Vincent and the Grenadines' ability to effectively implement an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- Saint Vincent and the Grenadines lacks defined procedures to review and verify compliance. Furthermore, in practice, no dedicated AEOI-related compliance activities including in-depth reviews or the inspection of records held by Reporting Financial Institutions have yet been undertaken. Saint Vincent and the Grenadines is also unable to demonstrate how it will effectively address non-compliance where it is identified. This reflects its lack of a legal basis to impose sanctions for failure to comply with the due diligence procedures.
- Saint Vincent and the Grenadines does not have procedures to follow up with Reporting Financial Institutions when undocumented accounts are reported, nor does it have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- Saint Vincent and the Grenadines also does not have a clearly defined policy in place to keep its jurisdiction-specific list of Non-Reporting Financial Institutions under review to ensure it continues to pose a low risk of being used for tax evasion purposes. Saint Vincent and the Grenadines has two categories of Non-Reporting Financial Institutions that have been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Saint Vincent and the Grenadines has carried out some communication and outreach activities, such as issuing notice emails to Reporting Financial Institutions and organising awareness trainings.
Verifying that Financial Institutions are reporting as required	Saint Vincent and the Grenadines has not yet carried out verification activities to ensure that Financial Institutions are reporting as required, but has plans to do so in the near future.
Verifying whether the information reported is complete and accurate	Saint Vincent and the Grenadines has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate but has plans to do so in the near future. Furthermore, Saint Vincent and the Grenadines has not yet conducted in-depth audits or onsite visits, but has plans to do so in the near future.
Enforcement	Saint Vincent and the Grenadines has not yet imposed penalties and sanctions, but has plans to do so in the near future.

Saint Vincent and the Grenadines was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Saint Vincent and the Grenadines needs to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information will be crucial to implementing the requirement to follow up on undocumented accounts.

Based on these findings it was concluded that Saint Vincent and the Grenadines is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to the lack of a clearly defined overarching compliance strategy, a lack of requisite actions to ensure Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required, a lack of technical resources to discharge the Competent Authority's functions with respect to the AEOI Standard and an inability to impose sanctions for failure to comply with the due diligence procedures. Saint Vincent and the Grenadines should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Saint Vincent and the Grenadines should develop and implement an overarching compliance strategy to underpin its compliance activities, informed by a risk assessment that takes into account a range of relevant information sources.

Saint Vincent and the Grenadines should develop and implement effective procedures to identify its population of Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Saint Vincent and the Grenadines should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified. Reference is made to the recommendations made when assessing Saint Vincent and the Grenadines' legal frameworks implementing the AEOI Standard in relation to penalties in particular.

Saint Vincent and the Grenadines should implement systems to monitor the reporting of Tax Identification Numbers and dates of birth by Reporting Financial Institutions to inform its compliance strategy. Saint Vincent and the Grenadines should develop and implement effective procedures to monitor and verify

whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on the monitoring and verification of self-certifications obtained after the opening of a Financial Account.

Saint Vincent and the Grenadines should put in place and implement a clearly defined policy to identify and follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

Saint Vincent and the Grenadines should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

Saint Vincent and the Grenadines should establish a plan to periodically review its list of jurisdiction-specific Non-Reporting Financial Institutions to ensure it continues to present a low-risk of being used for tax evasion.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Saint Vincent and the Grenadines exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Saint Vincent and the Grenadines implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received and exchange partners had limited opportunity to utilise the notifications as Saint Vincent and the Grenadines did not carry out the exchanges due to take place in 2020 and 2021, it appears that Saint Vincent and the Grenadines has the necessary procedures to process them as required.

Based on these findings it was concluded that Saint Vincent and the Grenadines is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Saint Vincent and the Grenadines is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Non-Compliant

Saint Vincent and the Grenadines' implementation of the AEOI Standard is non-compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Saint Vincent and the Grenadines is meeting expectations with respect correctly putting transmission mechanisms in place (SR 2.5), there are fundamental issues with respect to Saint Vincent and the

Grenadines transmitting the information in a timely manner (SR 2.6). Furthermore, due to the delays in exchanges, it was not possible to assess Saint Vincent and the Grenadines' implementation of the requirements in relation to sorting, preparing and validating the information (SR 2.4) and the correct transmission of the information in practice (SR 2.7). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Saint Vincent and the Grenadines exchanges information non-reciprocally, so does not receive information. Saint Vincent and the Grenadines should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

No feedback has been received from Saint Vincent and the Grenadines' exchange partners with respect to their ability to process the information received from Saint Vincent and the Grenadines and therefore with respect to Saint Vincent and the Grenadines' implementation of these requirements. This reflects the fact that Saint Vincent and the Grenadines did not carry out the exchanges that were due to take place in 2020 and 2021 due to technical problems.

It has therefore not been possible to review Saint Vincent and the Grenadines in relation to SR 2.4.

Recommendations:

No assessment possible.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Saint Vincent and the Grenadines linked to the CTS.

Based on these findings it was concluded that Saint Vincent and the Grenadines is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Saint Vincent and the Grenadines is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Whilst Saint Vincent and the Grenadines was able to exchange information in 2018 and 2019, it has subsequently faced significant technical issues and has consequently not yet carried out the exchanges that were due to take place in 2020 and 2021.

Based on these findings it was concluded that Saint Vincent and the Grenadines is not meeting expectations in relation to exchanging the information in a timely manner. More specifically, fundamental issues have been identified, including with respect to the technical capacity to ensure the exchanges with all partners in a timely manner. Saint Vincent and the Grenadines should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Saint Vincent and the Grenadines should ensure that it sends information to all of its partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

No feedback has been received from Saint Vincent and the Grenadines' exchange partners with respect to Saint Vincent and the Grenadines' use of the agreed transmission methods and therefore with Saint Vincent and the Grenadines' implementation of this requirement, as Saint Vincent and the Grenadines did not carry out exchanges in 2020 and 2021 due to technical problems.

It has therefore not been possible to review Saint Vincent and the Grenadines in relation to SR 2.7.

Recommendations:

No assessment possible.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Saint Vincent and the Grenadines exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Given the technical difficulties that Saint Vincent and the Grenadines has experienced, it is unclear that corrected, amended or additional information will be provided in a timely manner. Nevertheless, it has not been tested and no such concerns were raised by Saint Vincent and the Grenadines' exchange partners.

Based on these findings and as no particular issues were identified, it was concluded that Saint Vincent and the Grenadines appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Saint Vincent and the Grenadines is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

St. Vincent and the Grenadines has experienced certain unavoidable setbacks at the institutional and national levels which have stymied progress towards the effective implementation of AEOI.

Firstly, the cited technical difficulties besieged the IRD for an unduly lengthy period. For the large part of this time, rectification remained out of the control of the IRD as this originated from more than one issue with the external/international network service provider, upon whom the IRD and the country are wholly dependent. These technical difficulties were finally resolved in late March 2022 and AEOI exchanges for 2020 and 2021 were thereafter able to take place. This is because the Financial Institutions in St. Vincent and the Grenadines, as well as the IRD, had been in a state of readiness to meet AEOI obligations but were prevented from so doing by said technical issues.

Secondly, greater progress to effective implementation which would have been made in 2020, was forestalled by the advent of the Coronavirus Pandemic from March 2020.

The Pandemic resulted in staff at the IRD working on reduced hours or rotation, for the large majority of 2020 and also periodically in 2021. There are no facilities to provide legal or physical access to systems of the IRD when one works outside of the offices of the IRD. Compounding matters and simultaneously experienced with the disruptive effects of the Pandemic, were the worst Dengue Fever outbreak in its history in the second half of 2020 and multiple volcanic eruptions from early April 2021. Hurricane Elsa followed with devastating effects, mere weeks after the worst volcanic eruption. The country was officially declared to be under a 'national crisis' following the stated eruptions, as was recognized by international bodies such as the World Bank and the United Nations. From April 9th 2021, the rest of the year 2021 was thus one of recovery for the country, with the commencement of rehabilitation only possible from the last quarter of 2021. Even this was complicated with setbacks in workplaces with the worst Coronavirus increase and unprecedented deaths in the said quarter and the first quarter 2022.

The authorities in St. Vincent and the Grenadines recognize and are working towards bolstering the human and technical resources at the IRD to more effectively address all matters relative to a more effective administrative framework. In the meantime, though some of the more developed and formalized processes to ensure circumvention, or to ensure dedicated communication or guidance, have not yet been fully implemented, in practice, the AEOI administrative framework administered by the IRD and supported from the supervisory authorities, provide a sound foundation from which a more effective structure can be built. Until such time, St. Vincent and the Grenadines will diligently address any issues which arise from its obligations to any exchange partner on a case by case basis.

In addition, amendments have already been drafted to the AEOI Act and Regulations to ensure that legislative recommendations are met, including sanctions for non-compliance of due diligence procedures are enacted earliest. The authorities of St. Vincent and the Grenadines are confident that undocumented accounts as described under the AEOI framework, do not pose a risk or threat to the AEOI regime due to very effective implementation of the country's AML/CFT and regulatory regimes. Finally, a national GAP analysis of the AEOI regime utilizing the previous and current recommendations of the Assessment is ongoing, with the objective of implementation of recommendations in 2022. Parts thereof are already weighing heavily into an AEOI Compliance Strategy, Framework and Procedures document, which is also being prepared. The conclusions of the afore-stated analysis will finally inform this document, as appropriate.

Saint Vincent and the Grenadines deeply regrets its inability to progress AEOI matters with the effectiveness required, owing to myriad extraneous and unavoidable internal reasons. The country wishes to express its commitment to rectifying the non-complaint issues identified in this Report, in the shortest time possible.

Samoa

This report analyses the implementation of the AEOI Standard in Samoa with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Samoa's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Samoa's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Samoa's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Samoa's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Samoa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Samoa commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Samoa enacted the Tax Information Exchange Amendment Act 2017, which is an amendment to the Tax Information Exchange Act 2012.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Samoa is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Samoa that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Samoa requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Samoa's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	9
Financial Accounts reported in 2021	3 801

Table 2 sets out the number of exchange partners to which information was successfully sent by Samoa in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Samoa's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	45	59	64	66

In order to provide for the effective implementation of the AEOI Standard, in Samoa:

- the Ministry of Customs and Revenue (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Samoa's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the Multi Data Exchange System (MDES), which is an online portal in which all Reporting Financial Institutions are required to open an account to report the information to the Competent Authority. The MDES allows for validation of the data received from Reporting Financial Institutions; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Samoa's legal frameworks implementing the AEOI Standard concluded with the determination that Samoa's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Samoa's implementation of the AEOI Standard in practice.

Samoa advised that many of the activities it had planned to carry out for the verification and enforcement of the effective implementation of the AEOI Standard have been impacted by the COVID-19 pandemic that arrived in Samoa in 2022, resulting in a state of emergency being imposed at the beginning of the year.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Samoa are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Samoa's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Samoa has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Samoa has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Samoa has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Samoa has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Samoa's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Samoa's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Samoa and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Samoa has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Samoa put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Samoa's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Samoa are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Samoa's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Samoa is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Samoa implemented most of the requirements in accordance with expectations. However, an issue was identified. The key findings were as follows:

- Samoa implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information from the financial regulators, information reported by the Reporting Financial Institutions and feedback from exchange partners. Samoa is also planning to expand the information sources it considers in its risk assessment. Samoa's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Samoa intends to keep its compliance strategy under review to ensure its effectiveness on an ongoing basis.
- Samoa has worked to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as a list of entities from the Central Bank, a list of Trustee Companies from the Samoa International Finance Authority and the Foreign Financial Institution list for FATCA purposes. Samoa is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Samoa intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Samoa's compliance strategy appears to have the necessary powers and resources to discharge its functions. Samoa has allocated staff from other internal divisions of the Ministry of Customs and Revenue to work on exchange of information more generally, although they are not specifically assigned to AEOI. Such an approach appears suited to the small size of Samoa's financial sector. Some Samoan officials working on compliance related to the AEOI Standard (the Samoan AEOI team) have been trained to be able to perform some of the relevant functions. The Samoan AEOI team has access to IT systems and tools to conduct risk assessments and further training in this regard are planned.
- It appears that Samoa effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. Samoa has performed onsite visits to some Financial Institutions and is currently in the process of analysing the findings of such visits. It has also started to review some self-certifications to verify they are obtained as required. Samoa also plans to follow up with Reporting Financial Institutions reporting undocumented accounts. Samoa does not appear to have a clear strategy to take effective action to address circumvention of the requirements if such circumvention is detected.
- It is noted that Samoa does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Samoa has carried out some communication and outreach activities, such as the publication of guidance for Reporting Financial Institutions and the communication of the relevant reporting deadlines and is currently further developing its website to provide further information to the Reporting Financial Institutions.
Verifying that Financial Institutions are reporting as required	Samoa has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as verifying which Financial Institutions are reporting information through the MDES system and distributing self-assessment questionnaires during the first year of exchanges. Subsequently, it has performed matching exercises using information from relevant information sources, such as from the regulators and the Foreign Financial Institution list for FATCA purposes. Samoa has identified some Financial Institutions incorrectly not reporting and it is following up on these issues with a view to ensuring future

Activity type	Activities undertaken
Verifying whether the information reported is complete and accurate	compliance. Samoa has conducted initial desk-based checks of the responses to the questionnaire distributed to the Financial Institutions. Subsequently, Samoa has conducted onsite visits to some Financial Institutions to verify whether the information being reported is complete and accurate, has analyzed the results of such visits and has targeted cases for follow-up in-depth inspections, which it has already started to carry out. Samoa has also carried out trainings for some of its officials on matters related to the AEOI Standard, in preparation for the verification activities, and plans to do further trainings in the near future.
Enforcement	Following the activities mentioned above, Samoa has not yet imposed penalties or sanctions, but has issued some warning letters to some Reporting Financial Institutions incorrectly not reporting.

In terms of the Financial Account information collected and sent by Samoa, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Samoa nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Samoa reported that no undocumented accounts have been reported so far by its Reporting Financial Institutions and statistics in this regard seem to have been monitored.

More generally, the exchange partners that received a significant number of records from Samoa indicated that they achieved a success rate when matching the information received from Samoa with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that, overall, Samoa is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the lack of procedures to be applied where circumvention is detected. Samoa is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Samoa should ensure it has a formalised policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Samoa exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, it appears that Samoa implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Samoa has the necessary systems and procedures to process them as required.

Based on these findings it was concluded that Samoa is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Samoa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Samoa's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as Samoa exchanges information non-reciprocally, so does not receive information. Samoa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Samoa's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Samoa and therefore with respect to Samoa's implementation of these requirements. More generally, none of Samoa's exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met.

Based on these findings it was concluded that Samoa is fully meeting expectations in relation to sorting, preparing and validating the information. Samoa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Samoa linked to the CTS.

Based on these findings it was concluded that Samoa is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Samoa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Samoa's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Samoa and therefore with respect to Samoa's implementation of this requirement.

Based on these findings it was concluded that Samoa is fully meeting expectations in relation to exchanging the information in a timely manner. Samoa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Samoa's exchange partners did not raise any concerns with respect to Samoa's use of the agreed transmission methods and therefore with Samoa's implementation of this requirement.

Based on these findings it was concluded that Samoa is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Samoa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Samoa exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place procedures to notify its exchange partners. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Samoa appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Samoa's exchange partners and therefore with respect to Samoa's implementation of these requirements.

Based on these findings it was concluded that Samoa is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Samoa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The assessment outlined in this report correctly reflects Samoa's implementation of AEOI, and we wish to express our appreciation to the Expert Panel for their professionalism and understanding throughout this entire review process.

Samoa's Competent Authority does recognize the gaps that have been identified in the report and is therefore committed to addressing all recommendations made to ensure that AEOI is successfully implemented, monitored and enforced in Samoa.

We here at the Competent Authority further wish to reaffirm Samoa's unwavering commitment to its international obligations under the AEOI framework.

San Marino

This report analyses the implementation of the AEOI Standard in San Marino with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

San Marino's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes San Marino's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of San Marino's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

San Marino's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). San Marino is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

San Marino commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, San Marino:

- enacted Law no. 174 of 27 November 2015;
- introduced Regulation no. 20 of 30 December 2015 – Technical Regulations on the protection of personal data in application of exchange of information in tax matters; and
- issued further guidance, which is legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, San Marino:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- has in place an agreement with the European Union.

Table 1 sets out the number of Financial Institutions in San Marino that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that San Marino requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of San Marino's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	12
Financial Accounts reported in 2021	22 332

Table 2 sets out the number of exchange partners to which information was successfully sent by San Marino in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to San Marino's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	63	68	71

In order to provide for the effective implementation of the AEOI Standard, in San Marino:

- the Central Liaison Office (the Competent Authority for tax purposes) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with San Marino's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the web application "ExFin" which requires CRS files to meet XML Schema validation requirements in order for them to be submitted; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of San Marino's legal frameworks implementing the AEOI Standard concluded with the determination that San Marino's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of San Marino's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for San Marino are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

San Marino's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

San Marino has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

San Marino has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

San Marino has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

San Marino has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

San Marino's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of San Marino's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from San Marino and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

San Marino has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

San Marino put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

San Marino's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for San Marino are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

San Marino's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). San Marino is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that all Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, San Marino implemented all of the requirements in accordance with expectations. The key findings were as follows:

- San Marino implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the information reported by its Reporting Financial Institutions and the nature of its financial industry. San Marino's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. San Marino intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- San Marino has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the list of entities regulated to provide financial services, the Foreign Financial Institution list for FATCA purposes and information obtained from Trust and Company Service Providers (TCSPs). San Marino is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. San Marino intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing San Marino's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, San Marino has assigned the equivalent of one full time staff to monitor and ensure compliance by Reporting Financial Institutions, which has access to IT systems and tools to conduct risk assessments, including the reports submitted by Reporting Financial Institutions. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that San Marino effectively enforces the requirements, including through desk-based reviews, which include the inspection of records of Reporting Financial Institutions. San Marino has not yet applied its penalties and sanctions for non-compliance. It also appears that San Marino is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required. No accounts have been reported as undocumented accounts.
- It is noted that San Marino does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	San Marino has carried out substantial communication and outreach activities, such as setting out guidance to its Financial Institutions on the implementation of the AEOI Standard. It also has a close relationship with its population of regulated Reporting Financial Institutions and has regular meetings and contact with their representatives in relation to their obligations.
Verifying that Financial Institutions are reporting as required	San Marino has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as by cross-checking Financial Institutions against its list of AML regulated Financial Institutions, the Foreign Financial Institution list for FATCA purposes and information obtained from TCSPs, and identified no Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	San Marino has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, San Marino has conducted a significant number of in-depth audits with a review of the records held by Reporting Financial Institutions. San Marino has not yet conducted onsite visits, but has plans to do so in the near future. It accordingly identified one issue concerning an incorrect payment reported. It has followed up on this issue with a

Activity type	Activities undertaken
Enforcement	view to ensuring future compliance. Following the activities mentioned above, San Marino has not yet imposed penalties and sanctions, but has plans to do so in the near future. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by San Marino, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions. San Marino stated that no undocumented accounts were reported.

More generally, many of the exchange partners that received a significant number of records from San Marino indicated that they achieved a success rate when matching the information received from San Marino with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that San Marino is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. San Marino is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that San Marino implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, San Marino has the necessary systems and procedures to process them as required. It also appears that San Marino will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that San Marino is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. San Marino is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

San Marino's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). San Marino is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from San Marino's exchange partners did not raise any specific concerns with respect to their ability to process the information received from San Marino and therefore with respect to San Marino's implementation of these requirements. More generally, none of San Marino's exchange partners reported rejecting more than 25% of the files received, due to the technical requirements not being met. This is a relatively low amount when compared to other jurisdictions.

Based on these findings it was concluded that San Marino is fully meeting expectations in relation to sorting, preparing and validating the information. San Marino is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, San Marino linked to the CTS.

Based on these findings it was concluded that San Marino is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. San Marino is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from San Marino's exchange partners did not raise any concerns with respect to timeliness of the exchanges by San Marino and therefore with respect to San Marino's implementation of this requirement.

Based on these findings it was concluded that San Marino is fully meeting expectations in relation to exchanging the information in a timely manner. San Marino is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from San Marino's exchange partners did not raise any concerns with respect to San Marino's use of the agreed transmission methods and therefore with San Marino's implementation of this requirement.

Based on these findings it was concluded that San Marino is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. San Marino is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from San Marino's exchange partners did not raise any concerns with respect to San Marino's receipt of the information and therefore with San Marino's implementation of these requirements.

Based on these findings it was concluded that San Marino is fully meeting expectations in relation to the receipt of the information. San Marino is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

San Marino appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by San Marino's exchange partners and therefore with respect to San Marino's implementation of these requirements.

Based on these findings it was concluded that San Marino appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. San Marino is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

San Marino would like to thank the evaluation team and the Secretariat for their continued support and for the quality of the draft report.

Saudi Arabia

This report analyses the implementation of the AEOI Standard in Saudi Arabia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Saudi Arabia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Saudi Arabia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Saudi Arabia's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Saudi Arabia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Saudi Arabia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Saudi Arabia commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Saudi Arabia enacted:

- the Decision of the Council of Ministers No. (705) Approving the joining of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, and the Annex of the Common Standard on Reporting and Due Diligence for Financial Account Information (the Agreement and the Common Standard);
- the Royal Decree No. M/125 ratifying the joining of the Agreement and the Common Standard;
- the Decision of the Council of Ministers No. (706) Approving of the Special Regulations for Addressing Failures to Report Information for Tax Purposes in Accordance with the Provisions of Conventions to which the Kingdom of Saudi Arabia is a Party (the Enforcement Regulations);
- the Decision of the Council of Ministers No. (108) Approving the application of the provisions of the Special Regulations on the Agreement and the Common Standard; and

- the Ministerial Decision No. (893) Approving the Administrative Rules and Procedures for the Implementation of the Agreement and the Common Standard (The Implementation Rules), amended by Ministerial Decision No. (4483).

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 8 September 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 28 February 2018 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Saudi Arabia amended its legislative framework to address issues identified, effective from 27 June 2020.

With respect to the exchange of information under the AEOI Standard, Saudi Arabia is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Saudi Arabia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Saudi Arabia requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Saudi Arabia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	64
Financial Accounts reported in 2021	490 343

Table 2 sets out the number of exchange partners to which information was successfully sent by Saudi Arabia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Saudi Arabia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	56	65	68	74

In order to provide for the effective implementation of the AEOI Standard, in Saudi Arabia:

- the Zakat, Tax and Customs Authority (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Saudi Arabia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through submission of XML files through an online portal; and

- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Saudi Arabia's legal frameworks implementing the AEOI Standard concluded with the determination that Saudi Arabia's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Saudi Arabia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Saudi Arabia are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Saudi Arabia's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Saudi Arabia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Saudi Arabia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Saudi Arabia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Saudi Arabia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Saudi Arabia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Saudi Arabia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Saudi Arabia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Saudi Arabia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Saudi Arabia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Saudi Arabia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Saudi Arabia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Saudi Arabia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Saudi Arabia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Saudi Arabia implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Saudi Arabia implemented an overarching strategy to ensure compliance with the AEOI Standard. The strategy is based on a risk assessment that takes into account a range of relevant information sources, such as information reported by the Reporting Financial Institutions, previous compliance history in several areas and the characteristics and context of Saudi Arabia's financial sector. Saudi Arabia has carried out education and communication activities, such as running workshops for Financial Institutions, publishing guidance and putting in place dedicated email and hotline facilities. Saudi Arabia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Saudi Arabia has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as domestic lists of regulated entities, tax information, intelligence gathered by regulators and the Ministry of Commerce and the Foreign Financial list for FATCA purposes. Saudi Arabia is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and are reporting information as required. Saudi Arabia intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Saudi Arabia's compliance strategy appears to have the necessary powers and resources to discharge its functions and has put in place Memorandums of Understanding with other regulatory authorities to facilitate ongoing cooperation. With respect to resourcing, Saudi Arabia has assigned the equivalent of four full time staff to monitor and ensure compliance by Reporting Financial Institutions and staff from tax auditors and risk analysts also support the compliance activities related to the AEOI Standard if needed. These staff have access to IT systems and tools to conduct risk assessments.
- It appears that Saudi Arabia has the powers and procedures to effectively enforce the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance, although sanctions have not yet been applied. Desk-based reviews have been carried out on a large proportion of Reporting Financial Institutions through the use of questionnaires. Saudi Arabia has carried out a significant number of onsite inspections in following up on a proportion of these questionnaires, and the inspections included verification of self-certifications, review of account records and checking the policies and procedures that are in place. Saudi Arabia has also followed up with Reporting Financial Institutions that have reported undocumented accounts and has also complemented its guidance with regards to this element. Saudi Arabia appears ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- It is noted that Saudi Arabia does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Saudi Arabia has carried out substantial communication and outreach activities, such as workshops, issuing guidance and providing contact channels for assistance.

Activity type	Activities undertaken
Verifying that Financial Institutions are reporting as required	Saudi Arabia has carried out some verification activities to ensure that Financial Institutions are reporting as required through using lists maintained by other regulatory authorities, using questionnaires sent to known and potential Reporting Financial Institutions as well as through direct verification activities. It has identified no Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	Saudi Arabia has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Saudi Arabia has also conducted a significant number of onsite audits that include inspection of records. It accordingly identified issues with some accounts for which information was reported incorrectly. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Saudi Arabia has not yet imposed penalties or sanctions, but has the procedures in place to do so in the near future.

In terms of the Financial Account information collected and sent by Saudi Arabia, the presence of Tax Identification Numbers appeared to be in line with most other jurisdictions. While the collection and reporting of dates of birth is generally higher across jurisdictions, Saudi Arabia nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Information provided by Saudi Arabia also showed a higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. Follow-up discussions confirmed that Saudi Arabia is aware of these issues and is taking steps to address them.

Feedback from Saudi Arabia's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from Saudi Arabia. Furthermore, nine exchange partners highlighted issues with respect to the information received, such as relatively lower rates of valid Tax Identification Numbers. Follow-up discussions confirmed that Saudi Arabia is aware of these issues, is engaging with its partners and is implementing strategies to improve the situation, in particular engaging with Financial Institutions to improve the collection of Tax Identification Numbers.

Based on these findings it was concluded that, overall, Saudi Arabia is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to addressing the issues raised by exchange partners. Saudi Arabia is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Saudi Arabia should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Saudi Arabia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Saudi Arabia has the necessary systems and procedures to process them as required. It also appears that Saudi Arabia will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Saudi Arabia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Saudi Arabia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Saudi Arabia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Saudi Arabia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Saudi Arabia's exchange partners did not raise any particular concerns with respect to their ability to process the information received from Saudi Arabia and therefore with respect to Saudi Arabia's implementation of these requirements. More generally, none of Saudi Arabia's exchange partners reported rejecting more than 25% of files received, due to the technical requirements not being met.

Based on these findings it was concluded that Saudi Arabia is fully meeting expectations in relation to sorting, preparing and validating the information. Saudi Arabia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Saudi Arabia linked to the CTS.

Based on these findings it was concluded that Saudi Arabia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Saudi Arabia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

One exchange partner highlighted delays in the sending of information by Saudi Arabia. It was noted that Saudi Arabia successfully addressed the issue and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Saudi Arabia is fully meeting expectations in relation to exchanging the information in a timely manner. Saudi Arabia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Saudi Arabia's exchange partners did not raise any concerns with respect to Saudi Arabia's use of the agreed transmission methods and therefore with Saudi Arabia's implementation of this requirement.

Based on these findings it was concluded that Saudi Arabia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Saudi Arabia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Two exchange partners highlighted delays in the sending of status messages by Saudi Arabia, representing 2% of its partners. It was noted that, in one case, Saudi Arabia has engaged with the partner and appears to be successfully addressing the issue and in the other case, the delay was caused by the upgrade in the XML.

Based on these findings it was concluded that, overall, Saudi Arabia is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the sending of CRS Status Messages to all exchange partners in a timely manner. Saudi Arabia is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Saudi Arabia should continue to engage with its partners to address the issues raised.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Saudi Arabia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Saudi Arabia's exchange partners and therefore with respect to Saudi Arabia's implementation of these requirements.

Based on these findings it was concluded that Saudi Arabia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Saudi Arabia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Seychelles

This report analyses the implementation of the AEOI Standard in the Seychelles with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Seychelles' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While the Seychelles' international legal framework to exchange the information with all of the Seychelles' Interested Appropriate Partners (CR2) is consistent with the requirements, the Seychelles' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, deficiencies have been identified in the Seychelles' enforcement framework.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

The Seychelles' implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

The Seychelles commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Seychelles amended its Revenue Administration Act of 2009 and SI 1 of 2015.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Seychelles amended its legislative framework to address issues identified, effective from June 2017.

With respect to the exchange of information under the AEOI Standard, the Seychelles is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017.

Table 1 sets out the number of Financial Institutions in the Seychelles that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). Information on the number of Financial Accounts that they reported in 2021 is not available. The number of Financial Institutions provides key contextual information to the development and implementation of the Seychelles' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	44
Financial Accounts reported in 2021	Not available

Table 2 sets out the number of exchange partners to which information was successfully sent by the Seychelles in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Seychelles' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	55	66	63	69

In order to provide for the effective implementation of the AEOI Standard, in the Seychelles:

- the Seychelles Revenue Commission (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the Seychelles' exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by creating a Portal through which Reporting Financial Institutions upload XML files; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Seychelles' legal frameworks implementing the AEOI Standard concluded with the determination that the Seychelles' domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of the Seychelles' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Seychelles are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

The Seychelles' domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the framework to enforce the requirements (SR 1.4). Most significantly, the Seychelles' legislative framework does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification and does not include strong measures to ensure that valid self-certifications are always obtained for New Accounts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Seychelles has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No Recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Seychelles has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No Recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Seychelles has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Seychelles has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, the Seychelles' legislative framework:

- does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification; and

- permits accounts to be reported as undocumented when self-certifications are not obtained and/or validated in the limited circumstances where they are not obtained on the opening of the account, rather than including measures to ensure that valid self-certifications are always obtained as required.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

The Seychelles should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

The Seychelles should amend its domestic legislative framework to include strong measures to ensure that valid self-certifications are always obtained for New Accounts, rather than allowing accounts to be reported as undocumented in the limited circumstances a self-certification is permitted to be obtained after the opening of a New Account.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Seychelles' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Seychelles' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Seychelles and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Seychelles has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Seychelles put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Seychelles' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

General context: The Republic of Seychelles is in the process of amending Schedule 4 and 5 of the Revenue Administration (Common Reporting Standards) Regulation of 2015 to include the list of participating and reportable jurisdictions. We are encountering some delays due to the pandemic Covid-19. The Seychelles is also working on a proposal for amending the law to include very strong sanctions/measures so as to ensure that valid self-certifications are always obtained for New Accounts.

SR 1.4: The Republic of Seychelles have not developed their own guidance but we are using the one issued on the OECD's website.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Seychelles are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

The Seychelles' implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while the Seychelles is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are fundamental issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). The Seychelles should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);

- ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Seychelles implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- The Seychelles Revenue Commission (SRC) created the International Tax Unit to carry out the compliance activities with respect to the implementation of the AEOI Standard by Financial Institutions. The Seychelles recently adopted a strategy for ensuring the compliance with the AEOI Standard, but has not yet conducted any activities, including an associated risk assessment. Therefore, the Seychelles has not yet been able to ensure that Reporting Financial Institutions correctly conduct the due diligence procedures and collect and report the required information with respect to each Reportable Account in accordance with the AEOI Standard.
- There have been some communication activities with the Financial Institutions either through bilateral phone and email contacts or through the SRC's website. However, the Seychelles is yet to conduct more systematic and comprehensive communication and outreach activities with Financial Institutions. There also does not appear to be a formalised plan or activity undertaken to ensure that the interaction between the CRS and AML frameworks always results in the identification of Controlling Persons in accordance with the AEOI Standard.
- The Seychelles maintains a database of the Seychelles' Financial Institutions that it updates on a yearly basis according to the Financial Institutions that report information. The recently adopted strategy for compliance with the AEOI Standard includes a methodology that includes activities to further understand its population of Financial Institutions, utilising some relevant information sources, such as the lists of regulated entities provided by financial regulators and the Foreign Financial Institution list for FATCA purposes. The Seychelles should expand the information sources and implement procedures to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard, as well as implement its strategy.
- The International Tax Unit of the Seychelles Revenue Commission responsible for implementing the Seychelles' AEOI compliance strategy includes three staff that have recently received an initial training on the AEOI Standard but that have not yet undertaken compliance activities.
- The Seychelles has no procedure in place to verify compliance and enforce the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. Additionally, the Seychelles does not have any procedures in place to address circumvention of the requirements if such circumvention is detected, to ensure self-certifications are obtained as required and to follow up with Reporting

Financial Institutions that report undocumented accounts. With respect to self-certifications, the Seychelles will be constrained by its applicable legal framework in relation to instances where self-certifications are not obtained upon account opening.

- The Seychelles does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Seychelles has undertaken some communication activities with the Financial Institutions either through bilateral phone and email contacts or through the SRC's website.
Verifying that Financial Institutions are reporting as required	Beyond compiling a list of the Reporting Financial Institutions that have reported information, the Seychelles has not yet carried out further activities to identify its population of Reporting Financial Institutions, including relevant non-regulated entities, or verification activities to ensure that Financial Institutions are reporting as required
Verifying whether the information reported is complete and accurate	The Seychelles has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, the Seychelles has not yet conducted in-depth audits.
Enforcement	The Seychelles has not yet conducted any compliance activities and is therefore not in a position to impose any penalties and sanctions for non-compliance.

With respect to the Financial Account information, the Seychelles was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and/or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. The Seychelles was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Feedback was also received from the Seychelles' exchange partners indicating that, compared to what they generally experience in relation to the information received from their exchange partners, they achieved a much lower level of success when seeking to match information received from the Seychelles with their taxpayer database. Furthermore, several exchange partners highlighted issues with respect to the information received, notably on the records reported without a valid Tax Identification Number.

Based on these findings it was concluded that the Seychelles is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to developing a strategy based on a risk assessment and establishing and implementing procedures to conduct verification and enforcement activities to ensure the effective implementation of the AEOI Standard. The Seychelles should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Seychelles should implement an overarching compliance strategy to underpin its compliance activities, informed by a risk assessment that takes into account a range of relevant information sources.

The Seychelles should implement effective procedures to identify the population of Reporting Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

The Seychelles should develop and implement an appropriate framework, including in-depth reviews, to verify whether Reporting Financial Institutions are effectively implementing the AEOI Standard, including ensuring the interaction between its AML and AEOI frameworks results in the collection and reporting of information in accordance with the AEOI Standard.

The Seychelles should develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account. Reference is made to the recommendation made when assessing the Seychelles' legal framework implementing the AEOI Standard.

The Seychelles should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified

The Seychelles should implement systems to collect and monitor information on the number of Financial Accounts reported, the reporting of Tax Identification Numbers, dates of birth and undocumented accounts to inform its compliance strategy.

The Seychelles should develop and implement a clearly defined policy to follow up with Reporting Financial Institutions that report undocumented accounts to ensure that the requirements are being complied with.

The Seychelles should address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that the Seychelles implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Seychelles has the necessary systems and procedures to process them as required. The Seychelles also appears ready to notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that the Seychelles is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Seychelles is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Non-Compliant

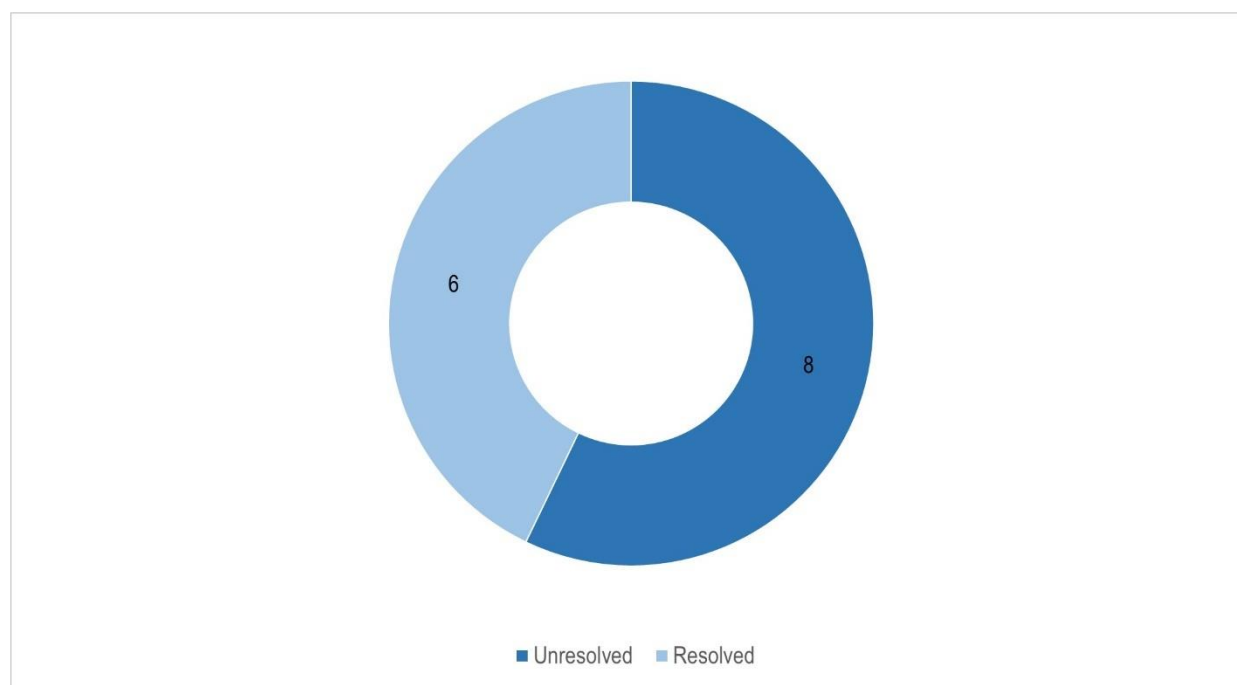
The Seychelles' implementation of the AEOI Standard is non-compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while the Seychelles is meeting expectations with respect to the transmission methods (SRs 2.5 and 2.7) and providing corrections, amendments or additions (SR 2.9), there are fundamental issues with respect to sorting, preparing and validating the information (SR 2.4) and significant issues in relation to transmitting the information in a timely manner (SR 2.6) and sending status messages in a timely manner (SR 2.8). The Seychelles should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

14 exchange partners highlighted particular issues with respect to preparation and format of the information sent by the Seychelles (representing 20% of its partners). These generally related to the validation of the file and content errors. More generally, eight (or 11%) of the Seychelles' exchange partners reported rejecting more than 25% of the files received, of which two reported rejecting more than 50% of the files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions. It was noted that the Seychelles has still not yet addressed all of the issues.

Figure 1. Technical issues raised by the Seychelles' exchange partners



Based on these findings it was concluded that the Seychelles is not meeting expectations in relation to sorting, preparing and validating the information. More specifically, fundamental issues have been

identified, including with respect to the validation of the information. The Seychelles should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Seychelles should continue to work with its exchange partners to address the issues raised.

The Seychelles should review its procedures for sorting, preparing and validating the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Seychelles linked to the CTS.

Based on these findings it was concluded that the Seychelles is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Seychelles is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

10 exchange partners highlighted delays in the sending of information by the Seychelles (representing 14% of its partners). This represents a very high proportion of exchange partners and has not improved over time. The Seychelles wrote to the Competent Authorities of its partners to inform them that a delay in sending the 2021 information would take place due to a change in the internal reporting system. It was noted that the Seychelles successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that the Seychelles is partially meeting expectations in relation to exchanging the information in a timely manner. More specifically, significant issues have been identified, including with respect to sending of the information to all exchange partners in a timely manner. The Seychelles should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

The Seychelles should ensure that it sends information to all of its partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Seychelles' exchange partners did not raise any concerns with respect to the Seychelles' use of the agreed transmission methods and therefore with the Seychelles' implementation of this requirement.

Based on these findings it was concluded that the Seychelles is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Seychelles is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Nine exchange partners highlighted delays in the sending of status messages by the Seychelles, representing 10% of its partners. This represents a relatively high proportion of partners. It was noted that the Seychelles appears to be addressing the issues to ensure that status messages are sent in accordance with the requirements. However, the Seychelles has still not yet sent some of the status messages due to be sent in 2021.

Based on these findings it was concluded that the Seychelles is partially meeting expectations in relation to the receipt of the information. However, significant issues have been identified, including with respect to the sending of status messages to the sending jurisdictions. The Seychelles should continue its implementation process to ensure its effectiveness, including by addressing the recommendation made.

Recommendations:

The Seychelles should ensure it consistently sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Seychelles appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Seychelles' exchange partners and therefore with respect to the Seychelles' implementation of these requirements.

Based on these findings it was concluded that the Seychelles appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Seychelles is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The Seychelles would like to thank the assessment team for their time and dedication in compiling this report.

The Seychelles fully appreciates the importance of ensuring the effectiveness of the AEOI Standard in practice, and acknowledges the recommendations made in the report.

The ITU is in the process of implementing a new technology system, which will strengthen their processes, validation and timeliness in data exchanged. Reviews of administrative penalties and sanctions for non-compliance are also ongoing and intended to reinforce the enforcement mechanisms. The ITU also continues to focus on training, skills, and capacity building.

The Seychelles remains committed to improving the effectiveness of the AEOI Standard in practice.

Singapore

This report analyses the implementation of the AEOI Standard in Singapore with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Singapore's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Singapore's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Singapore's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Singapore's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Singapore is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

Singapore commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Singapore:

- enacted Part XXB of the Income Tax Act;
- introduced the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016; and
- issued Frequently Asked Questions, which are not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Singapore:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place 19 bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in Singapore that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Singapore requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts are required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Singapore's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	6 152
Financial Accounts reported in 2021	4 070 212

Table 2 sets out the number of exchange partners to which information was successfully sent by Singapore in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Singapore's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	50	63	66	70

In order to provide for the effective implementation of the AEOI Standard, in Singapore:

- the Inland Revenue Authority of Singapore (the IRAS, the tax authority) has been assigned the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Singapore's exchange partners;
- the IRAS maintains a close working relationship with the Monetary Authority of Singapore (MAS) (the Central Bank and financial regulatory authority of Singapore) to enable the IRAS to effectively oversee the financial sector participants with obligations under the AEOI Standard; this close working relationship serves as a platform for the IRAS to consult with the financial regulator on AEOI-related matters such as industry developments, sector-specific regulatory risks or best practices in regulatory compliance reviews;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by IRAS, which are used to verify, sort and disseminate the data to be sent to Singapore's exchange partners; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Singapore's legal frameworks implementing the AEOI Standard concluded with the determination that Singapore's domestic and international legal frameworks are In

Place. This has been taken into account when reviewing the effectiveness of Singapore's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Singapore are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Singapore's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Singapore has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Singapore has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Singapore has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Singapore has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Singapore's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Singapore's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Singapore and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Singapore has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Singapore put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Singapore's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Singapore has been a member of the Global Forum on Transparency and Exchange of Information since its establishment as a self-standing body in 2009.

We are pleased with the overall determination of our legal framework to be “In Place” as assigned under the current review based on the AEOI Terms of Reference. It affirms the robustness of Singapore’s Exchange of Information (EOI) regime, and that the regime is in line with the international AEOI Standard based on the Common Reporting Standard.

Singapore remains fully committed to the AEOI standard and will continue to ensure that our EOI regime continues to be in line with the international standard.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Singapore are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Singapore’s implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Singapore is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions’ compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;

- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Singapore implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Singapore implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as scanning and profiling Financial Institutions, the identification of risks through daily operations and compliance activities and feedback from treaty partners. Singapore's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Singapore intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Singapore has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes, the IRAS registered entities list and industry listings obtained from Accounting & Corporate Regulatory Authority and MAS. Singapore takes action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Singapore intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The IRAS, as the institution responsible for implementing Singapore's compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Singapore has assigned the equivalent of 10 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which are supported by other IRAS teams (the legal division on legislative matters and central teams of data analysts, IT specialists and enforcement specialists). The full time IRAS staff assigned to overseeing the AEOI Standard, as supported by other teams, have access to IT systems and tools to conduct risk assessments.
- Singapore has conducted compliance activities, including onsite and desk-based checks to verify whether the information being reported is complete and accurate. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Singapore effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Singapore is ready to take effective action to address circumvention of the requirements if such circumvention is detected. It was noted that Singapore has taken effective action to ensure self-certifications are obtained as required and effectively follows up on undocumented accounts.
- Singapore will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Singapore has carried out substantial communication and outreach activities, such as engaging with industry associations through participation in various seminars and workshops, answering queries and following up with Financial Institutions via phone calls and emails, preparing a detailed Guidance, self-review tools as well as setting up a dedicated AEOI webpage to streamline AEOI-related updates and announcements.
Verifying that Financial Institutions are reporting as required	Singapore has carried out substantial verification activities to ensure that Reporting Financial Institutions are reporting as required. For this purpose, the IRAS consulted various relevant information sources, carried out regular matching exercises and developed an Entity Classification Self-Review Tool which is accessible on its AEOI webpage. Considering the higher risks, a dedicated compliance review approach was developed to ensure that unregulated entities that are Financial Institutions for the purposes of the AEOI Standard that are not accustomed to the due diligence procedures under the AML framework, comply with their AEOI due diligence and reporting obligations. All Financial Institutions are required to register and, if they have no reportable accounts, file nil reports. As a result of these activities, some Financial Institutions were found incorrectly not reporting. Singapore is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Singapore has conducted onsite and desk-based checks to verify whether the information being reported is complete and accurate. It accordingly identified some issues, commonly concerning misinterpretation of the requirements and omissions. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Singapore has imposed some penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by Singapore, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. The presence of dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Feedback from some of Singapore's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from Singapore. Furthermore, four exchange partners highlighted issues with respect to the information received, such as the absence of names, dates of birth, addresses or invalid TINs. Follow-up discussions confirmed that Singapore is aware of these issues and is seeking to improve the situation. More generally, Singapore has reached out to all of its partners experiencing relatively low matching rates to better understand their matching algorithms and the issues encountered so as to work with these partners on possible solutions to improve the matching rates. Exchange partners have reported a good level of cooperation with Singapore to address the issues raised.

Based on these findings it was concluded that, overall, Singapore is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to the issues identified by its exchange partners. Singapore is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Singapore should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Singapore implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Singapore has the necessary systems and procedures to process them as required. It also appears that Singapore will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Singapore is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Singapore is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Singapore's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Singapore is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

One exchange partner highlighted a particular issue with respect to preparation and format of the information sent by Singapore. This related to a rejection of a data file. Singapore contacted the partner and the matter has been resolved. More generally, three (or 4%) of Singapore's exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Singapore has already successfully addressed all of the issues.

Based on these findings it was concluded that Singapore is fully meeting expectations in relation to sorting, preparing and validating the information. Singapore is therefore encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Singapore linked to the CTS.

Based on these findings it was concluded that Singapore is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Singapore is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Singapore's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Singapore and therefore with respect to Singapore's implementation of this requirement.

Based on these findings it was concluded that Singapore is fully meeting expectations in relation to exchanging the information in a timely manner. Singapore is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Singapore's exchange partners did not raise any concerns with respect to Singapore's use of the agreed transmission methods and therefore with Singapore's implementation of this requirement.

Based on these findings it was concluded that Singapore is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Singapore is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Singapore's exchange partners did not raise any concerns with respect to Singapore's receipt of the information and therefore with Singapore's implementation of these requirements.

Based on these findings it was concluded that Singapore is fully meeting expectations in relation to the receipt of the information. Singapore is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Singapore appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Singapore's exchange partners and therefore with respect to Singapore's implementation of these requirements.

Based on these findings it was concluded that Singapore appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Singapore is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

The Singapore delegation expresses its appreciation for the thorough exercise of the Assessment Panel in reviewing Singapore's implementation of the AEOI Standard.

We are pleased that this review found Singapore's implementation to be on track as a whole, with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This review affirms the robustness of Singapore's AEOI regime and validated the many initiatives undertaken by Singapore to ensure effective implementation of the AEOI Standard in practice. Singapore remains fully committed to the AEOI standard and will continue to ensure our AEOI processes remain effective in accordance with the standard.

We note the specific recommendation made in SR 1.5 for Singapore to continue to address the issues raised by its exchange partners. As informed in the report, we have reached out to all exchange partners that reported low matching rate since being informed of their peer inputs. We will continue to work with our exchange partners on possible solutions to improve their matching rates. We wish to reiterate that resolution of such issues requires a collaborative approach, including exchange partners sharing with us the specific nature of issues they encountered, the accounts for which matching needs improvement and the matching algorithms used. Without the collaboration of exchange partners, we would not be able to unilaterally resolve the issues.

In this regard, with respect to the recommendation, Singapore will continue to work with its exchange partners to address the issues raised by them.

Note

¹ With Australia, Canada, Denmark, Estonia, Finland, Iceland, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Malta, the Netherlands, New Zealand, Norway, South Africa, Switzerland and the United Kingdom. At the request of eight jurisdictions, namely Australia, Canada, Estonia, Italy, Japan, Korea, the Netherlands and New Zealand, Singapore has also activated relationships under the CRS MCAA with them.

Sint Maarten

This report analyses the implementation of the AEOI Standard in Sint Maarten with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Sint Maarten's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements in the AEOI Terms of Reference. While Sint Maarten's international legal framework to exchange the information with all of Sint Maarten's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, deficiencies have been identified in relation to the scope of Financial Accounts and there are deficiencies in the enforcement framework.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Sint Maarten's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This reflects the fact that, despite committing to commence exchanges in 2018, Sint Maarten only recently put in place a domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures and an international legal framework to exchange information with all Interested Appropriate Partners (CR2). There are therefore fundamental deficiencies with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Sint Maarten committed to commence the exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it will send but not receive information), although was delayed in delivering its commitment and is expecting to commence exchanges in September 2022.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Sint Maarten:

- enacted amendments to the General National Ordinance on National Taxes (amended by National Ordinance No. 38 of 2020); and

- introduced National Decree No. 77 of 2021, in force from 31 January 2022 and with retroactive effect from 1 January 2018.

Under this framework Reporting Financial Institutions were required to apply the due diligence procedures in relation to New Accounts from 1 January 2018. With respect to Preexisting Accounts, Reporting Financial Institutions were required to apply the due diligence procedures on Preexisting Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of the information under the AEOI Standard, Sint Maarten has the Convention on Mutual Administrative Assistance in Tax Matters in place¹, which entered into force from 10 October 2010, and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2022.

In order to provide for the effective implementation of the AEOI Standard, in Sint Maarten:

- the Sint Maarten's Competent Authority for purposes of the AEOI Standard has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Sint Maarten's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the Multi Data Exchange System; and
- the Common Transmission System (CTS) will be used to carry out the exchanges of information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Sint Maarten's legal frameworks implementing the AEOI Standard concluded with the determination that Sint Maarten's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Sint Maarten's implementation of the AEOI Standard in practice and where particular identified gaps in Sint Maarten's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Sint Maarten are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Sint Maarten's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the due diligence procedures that must be applied to Financial Accounts (SR 1.2) and the framework to enforce the requirements (SR 1.4). Most significantly, Sint Maarten's legislative framework does not fully incorporate the definition and processes related to the identification of Controlling Persons of trusts and similar arrangements.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Sint Maarten has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Sint Maarten has defined the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. Most significantly, Sint Maarten's legislative framework:

- does not incorporate the definition of Documentary Evidence in accordance with the CRS and its relevant Commentary; and
- does not fully incorporate the definition of Controlling Persons as required and does not fully incorporate the due diligence procedures to identify Controlling Persons.

The due diligence procedures are material to the proper functioning of the AEOI Standard.

Recommendations:

Sint Maarten should amend its domestic legislative framework to require Reporting Financial Institutions to always identify and determine the reportable status of the Controlling Persons of trusts and similar legal arrangements in accordance with the AEOI Standard.

Sint Maarten should amend its domestic legislative framework to ensure that its Financial Institutions apply the definition of Controlling Persons in the AEOI Standard.

Sint Maarten should amend its domestic legislative framework to require Reporting Financial Institutions to only use Documentary Evidence in relation to the due diligence procedures for Preexisting Entity Accounts in accordance with the conditions in the AEOI Standard.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Sint Maarten has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Sint Maarten has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Sint Maarten's legislative framework:

- does not include rules to prevent all relevant persons (including Reporting Financial Institutions, other persons and intermediaries) from adopting any practices intended to circumvent the reporting and due diligence procedures as required; and
- does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

These are the key elements of the required enforcement framework relates to and are therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Sint Maarten should amend its legislative framework to prevent Financial Institutions, intermediaries and other persons from adopting practices intended to circumvent the reporting and due diligence procedures.

Sint Maarten should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Sint Maarten's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Sint Maarten's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Sint Maarten and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Sint Maarten has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Sint Maarten put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Sint Maarten's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Notwithstanding the many setbacks that Sint Maarten has faced during the last few years, political instability and a major hurricane among others, Sint Maarten can announce that its domestic and international legal framework are already in place.

Sint Maarten has started working on the Action Plan to meet the Confidentiality and Data safeguard requirements.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Sint Maarten are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

As Sint Maarten has only recently put in place a domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, it has not yet put in place an administrative framework to ensure compliance by Reporting Financial Institutions or to collaborate with exchange partners (CR1 Effectiveness in practice). Sint Maarten's implementation is therefore non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. Sint Maarten should therefore continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and

- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

Sint Maarten has not yet implemented a framework to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The key findings were as follows:

- While Sint Maarten is taking initial steps to understand its population of Financial Institutions using relevant information sources, such as a list from the Central Bank of Curaçao & Sint Maarten, the Foreign Financial Institutions list for FATCA purposes and a list of entities registered for tax purposes, Sint Maarten has not yet taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting as required.
- So far, Sint Maarten has assigned the equivalent of one full time staff to work on the implementation of the AEOI Standard.
- Sint Maarten has not yet developed procedures or carried out activities to enforce the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance.
- Sint Maarten does not have a framework to ensure self-certifications are obtained as required or to follow up with Reporting Financial Institutions that report undocumented accounts. It also does not have a framework to take action to address the circumvention of the requirements, which reflects the lack of a legal basis to prevent all relevant persons from adopting practices intended to circumvent the reporting and due diligence procedures.
- It is noted that Sint Maarten does not have a jurisdictions-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Sint Maarten was not able to confirm that it will collect and monitor information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. Sint Maarten stated that it will collect and monitor information on the number of undocumented accounts reported by its Reporting Financial Institutions, although as no information has been reported so far, it is unclear how this will be done. This information is crucial to implementing the requirement to follow up on undocumented accounts. It was also not possible to obtain feedback from its exchange partners, as information was not exchanged until September 2022.

Based on these findings it was concluded that Sint Maarten is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Sint Maarten should continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Sint Maarten should develop an overarching compliance strategy to underpin its compliance activities, informed by a risk assessment that takes into account a range of relevant information sources.

Sint Maarten should develop and implement effective procedures to identify its population of Financial Institutions to ensure that they correctly apply the definitions of Reporting Financial Institution and Non-Reporting Financial Institution and report information as required, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

Sint Maarten should develop and implement an appropriate framework, including in-depth reviews, to verify whether Reporting Financial Institutions are effectively implementing the AEOI Standard. This should include procedures to monitor and verify whether Reporting Financial Institutions are obtaining self-certifications as required and procedures to follow up with Reporting Financial Institutions that reported undocumented accounts to ensure that the requirements are being complied with.

Sint Maarten should develop and implement effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including the application of dissuasive penalties and sanctions as appropriate, and routinely apply them where non-compliance is identified.

Sint Maarten should put in place a clearly defined policy to ensure that, where circumvention of the AEOI Standard is identified, action is taken to address it. Reference is made to the recommendation made when assessing Sint Maarten's legal framework implementing the AEOI Standard.

Sint Maarten should implement systems to monitor the reporting of Tax Identification Numbers, dates of birth and undocumented accounts by Reporting Financial Institutions to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Sint Maarten exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

Sint Maarten has not yet put in place procedures to collaborate with its exchange partners to address errors or suspected non-compliance notified by them to Sint Maarten.

Based on these findings it was concluded that Sint Maarten is not meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Sint Maarten should therefore continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

Sint Maarten should develop and implement effective procedures to address errors or suspected non-compliance by its Reporting Financial Institutions notified to it by its exchange partners.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Non-Compliant

As Sint Maarten only recently put in place the international legal framework to exchange the information with all Interested Appropriate Partners and intends to commence exchanges under the AEOI Standard by September 2022, its exchange partners have not been able to provide input on the exchanges in practice. It has therefore not been possible to assess the implementation of these requirements (CR2 Effectiveness in practice). Sint Maarten is therefore determined to be non-compliant with the requirements. As it was not possible to conduct the assessment, a detailed analysis in relation to each SR has not been necessary.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

It is worthy to note that Sint Maarten has not yet started to collect or exchange information. It is therefore impossible to assess the effectiveness in practice of Exchange of information. However, Sint Maarten remains committed to be compliant with the Exchange of information.

Note

¹ Through a territorial extension by the Netherlands.

Slovak Republic

This report analyses the implementation of the AEOI Standard in the Slovak Republic with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Slovak Republic's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the Slovak Republic's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the Slovak Republic's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The Slovak Republic's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). The Slovak Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

The Slovak Republic commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Slovak Republic:

- enacted Act 359/2015 Coll., as amended by Act 300/2016 and Act 305/2019; and
- introduced Decree 446/2015 Coll., as amended by Decree 348/2018.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the Slovak Republic made various amendments to its legislative framework to address issues identified, the last of which was effective from 1 January 2021.

With respect to the exchange of information under the AEOI Standard, the Slovak Republic:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in the Slovak Republic that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Slovak Republic requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Slovak Republic's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	58
Financial Accounts reported in 2021	203 387

Table 2 sets out the number of exchange partners to which information was successfully sent by the Slovak Republic in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Slovak Republic's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	62	67	68	77

In order to provide for the effective implementation of the AEOI Standard, in the Slovak Republic:

- the Financial Administration of the Slovak Republic (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions as well as to ensure the exchange of information with the Slovak Republic's exchange partners and the Ministry of Finance is responsible for legislation and international agreements for the purposes of the exchange of information;
- the Financial Administration maintains a close working relationship with the financial regulators, the National Bank of Slovakia (NBS) and the Financial Intelligence Unit (FIU), in the discharge of its supervisory duties;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the Financial Administration, which ensures the validation of the data reported by Financial Institutions before it is exchanged with the Slovak Republic's exchange partners;
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Slovak Republic's legal frameworks implementing the AEOI Standard concluded with the determination that the Slovak Republic's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the Slovak Republic's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Slovak Republic are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The Slovak Republic's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Slovak Republic has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Slovak Republic has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Slovak Republic has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Slovak Republic has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Slovak Republic's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Slovak Republic's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Slovak Republic and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Slovak Republic has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Slovak Republic put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Slovak Republic's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Slovak Republic are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The Slovak Republic's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The Slovak Republic is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Slovak Republic implemented all of the requirements in accordance with expectations. The key findings were as follows:

- The Slovak Republic implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as a general overview of the financial sector, the recent MONEYVAL report, an analysis of the information submitted by Reporting Financial Institutions, results of the review activities and feedback received from peers. The Slovak Republic's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. The Slovak Republic intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- The Slovak Republic has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources and is taking action to ensure they are classifying themselves correctly under its domestic rules and reporting information as required. The information sources utilised include the register of financial entities maintained by the NBS, the Foreign Financial Institution list for FATCA purposes and the entities with relevant NACE codes (NACE is the industry standard classification system used in the European Union). The Slovak Republic intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Financial Administration, responsible for implementing the Slovak Republic's compliance strategy, appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, the Slovak Republic has assigned the equivalent of three full time staff to monitor and ensure compliance by Reporting Financial Institutions, which are supported by other teams, such as the Tax Office that conducts the onsite audits, the IT division and the Ministry of Finance for legal issues. The full time Financial Administration staff assigned to oversee the AEOI Standard, supported by other teams, have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- The Slovak Republic has conducted compliance activities, including desk-based and onsite checks. It accordingly identified some issues, resulting in further guidance being provided and the pre-selection of further Financial Institutions for onsite checks. The main issues related to the correct application of the procedures, the incorrect reporting of undocumented accounts, reminders about the reasonableness checks with respect to Citizenship and Residence by Investment schemes, the reporting of dual tax residencies, reminders about the EU and OECD portals as relevant resources for verifying Taxpayer Identification Numbers and the reporting of payments. The issues identified are being followed up on to ensure future compliance.
- The Slovak Republic has also taken targeted measures to address the relatively high number of undocumented accounts through targeted guidance and systematically verifying the procedures applied during onsite visits. The onsite visits also cover whether Financial Institutions correctly follow the obligations with respect to self-certifications. So far, the targeted measures have not identified instances of non-compliance. The Slovak Republic is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Slovak Republic will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The Slovak Republic has carried out substantial communication and outreach activities as part of its preventative strategy. These included a series of communications, meetings and workshops to raise awareness about the AEOI obligations. Relevant information and guidance are also published on the Financial Administration's webpage and is regularly updated.
Verifying that Financial Institutions are reporting as required	The Slovak Republic has carried out substantial verification activities to ensure that Financial Institutions are reporting as required. The Financial Administration consulted various relevant information sources, carried out regular matching exercises and sent out questionnaires to both regulated and non-regulated entities to target possible non-compliance. To date, no Financial Institutions have been found to be incorrectly not reporting.
Verifying whether the information reported is complete and accurate	The Slovak Republic has conducted several desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, the Slovak Republic has conducted a significant number of onsite visits. It accordingly identified some issues, commonly concerning the correct application of the procedures and the incorrect reporting of undocumented accounts. Further guidance was provided and further Financial Institutions were selected for future audits. The identified issues are therefore being followed up on with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, the Slovak Republic has imposed some penalties and sanctions for late filing of reports by Reporting Financial Institutions or failure to timely correct invalid reports. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance. The Slovak Republic has not yet imposed penalties and sanctions for issues related to the completeness and accuracy of the information reported.

With respect to the Financial Account information collected and sent by the Slovak Republic, the presence of the Tax Identification Numbers, which is one of the key data points, appeared to be in line with most other jurisdictions. However, the Slovak Republic reported a lower rate of collection of dates of birth when compared to other jurisdictions. The date of birth is key data point for exchange partners to effectively utilise the information. The information provided by the Slovak Republic previously showed a relatively high number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, meaning that was not possible for the Reporting Financial Institution to identify whether the accounts were held by Reportable Persons. However, following the related interventions, the number of undocumented accounts has reduced substantially over time and is now in line with most other jurisdictions.

Feedback was also received from the Slovak Republic's exchange partners, highlighting some missing information in the files received from the Slovak Republic. More generally, many of the exchange partners that received a significant number of records from Slovak Republic indicated that they achieved a success rate when matching the information received from Slovak Republic with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. The Slovak Republic is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, the Slovak Republic implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, the Slovak Republic has the necessary systems and procedures to process them as required. It also appears that the Slovak Republic will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The Slovak Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Slovak Republic's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The Slovak Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from the Slovak Republic's exchange partners did not raise any specific concerns with respect to their ability to process the information received from the Slovak Republic and therefore with respect to the Slovak Republic's implementation of these requirements. One of the Slovak Republic's exchange partners reported rejecting more than 25% of the files received, but did not report rejecting more than 50% of the files received. This is a relatively low amount when compared to other jurisdictions. It was noted that the Slovak Republic has already successfully resolved the issue noted above.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in relation to sorting, preparing and validating the information. The Slovak Republic is encouraged to continue its implementation process accordingly, to ensure its ongoing implementation.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Slovak Republic linked to the CTS and the CCN, which is used for exchanges within the European Union.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Slovak Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the Slovak Republic's exchange partners did not raise any concerns with respect to timeliness of the exchanges by the Slovak Republic and therefore with respect to the Slovak Republic's implementation of this requirement.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in relation to exchanging the information in a timely manner. The Slovak Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the Slovak Republic's exchange partners did not raise any concerns with respect to the Slovak Republic's use of the agreed transmission methods and therefore with the Slovak Republic's implementation of this requirement.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The Slovak Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from the Slovak Republic's exchange partners did not raise any concerns with respect to Slovak Republic's receipt of the information and therefore with Slovak Republic's implementation of these requirements.

Based on these findings it was concluded that the Slovak Republic is fully meeting expectations in relation to the receipt of the information. The Slovak Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Slovak Republic appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Slovak Republic's exchange partners and therefore with respect to the Slovak Republic's implementation of these requirements.

Based on these findings it was concluded that the Slovak Republic appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The Slovak Republic is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Slovenia

This report analyses the implementation of the AEOI Standard in Slovenia with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Slovenia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Slovenia's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Slovenia's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Slovenia's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Slovenia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Slovenia commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Slovenia:

- amended the Tax Procedure Act (ZDavP-2I, as further amended in the OJ No. 69/2017 of 8 December 2017);
- amended the Rules on the implementation of the Tax Procedure Act; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial peer review by the Global Forum, Slovenia amended its legislative framework to address issues identified, effective from 9 December 2017.

With respect to the exchange of information under the AEOI Standard, Slovenia:

- is a Party to the convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has implemented European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation, as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Slovenia that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Slovenia requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Slovenia's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	33
Financial Accounts reported in 2021	163 691

Table 2 sets out the number of exchange partners to which information was successfully sent by Slovenia in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Slovenia's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	64	69	72	78

In order to provide for the effective implementation of the AEOI Standard, in Slovenia:

- the Financial Administration of the Republic of Slovenia (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Slovenia's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by validating reported data against the CRS schema and business rules and sorting and preparing the data before exchanging; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Slovenia's legal frameworks implementing the AEOI Standard concluded with the determination that Slovenia's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Slovenia's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Slovenia are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Slovenia's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Slovenia has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Slovenia has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Slovenia has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Slovenia has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Slovenia's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Slovenia's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Slovenia and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Slovenia has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Slovenia put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Slovenia's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Slovenia wishes to express its gratitude and deep appreciation for the excellent work carried out by the Secretariat of the Global Forum and the AEOI Assessment Panel. Slovenia is confident that the AEOI legal determination report is a fair and accurate picture of the legal framework in force. We are satisfied with the conclusion that Slovenia's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference and that there are no recommendations.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Slovenia are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Slovenia's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Slovenia is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions; and
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain.
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Slovenia implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Slovenia implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as internal data from the tax register and the results of analysing information reported by the Reporting Financial Institutions. Slovenia's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Slovenia intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Slovenia has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the tax register, lists of regulated entities maintained by the regulators, relevant associations' memberships and the list of Foreign Financial Institutions for FATCA purposes. Slovenia is also taking action to ensure that Reporting Financial Institutions are classifying themselves correctly and reporting as required. Slovenia intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Slovenia's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Slovenia has assigned the equivalent of five full time staff to monitor and ensure compliance by Reporting Financial Institutions, including two inspectors, one controller and two staff in charge of exchanges with partners. These officers have access to IT systems and tools to conduct risk assessments (e.g. an IT application to assist with risk analysis). Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities, including by conducting desk-based audits and a pilot horizontal compliance program with the largest Financial Institutions, which will inform the planned further rollout of onsite audits.
- It appears that Slovenia effectively enforces the requirements, starting with a cooperative approach with Financial Institutions and moving to the inspection of records of Reporting Financial Institutions in field and desk-based audits. Slovenia has issued warnings for cases of non-compliance identified and is also able to apply sanctions for non-compliance, although these have not been used so far. It also appears that Slovenia is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and take action to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Slovenia will also keep its jurisdiction-specific list of Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes (Slovenia does not have a jurisdiction-specific list of Non-Reporting Financial Institutions).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Slovenia has carried out substantial communication and outreach activities, such as setting up ongoing and periodic meetings with representatives from the financial sector, maintaining up-to-date relevant information on a dedicated website, including answers to Frequently Asked Questions and providing clarifications directly to the Financial Institutions.
Verifying that Financial Institutions are reporting as required	Slovenia has conducted some verification activities to ensure that Financial Institutions are reporting as required, such as requesting written explanations from Financial Institutions that did not report information, and has so far not identified any Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	Slovenia has conducted some desk-based checks to verify whether the

Activity type	Activities undertaken
Enforcement	<p>information being reported is complete and accurate. Furthermore, Slovenia has conducted some onsite audits and is currently conducting more. It identified some cases of non-compliance. Slovenia has followed up on these issues with a view to ensuring future compliance.</p> <p>Following the activities mentioned above, Slovenia has issued some warning letters but has not yet imposed other penalties and sanctions, as all issues identified have been solved through collaboration or warnings.</p>

With respect to the Financial Account information collected and sent by Slovenia, the presence of the key data point of the Tax Identification Numbers appeared to be in line with most other jurisdictions. However, while the collection and reporting of dates of birth is generally higher across jurisdictions, Slovenia nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. This is a key data point for exchange partners to effectively utilise the information. Slovenia stated that no undocumented accounts were reported.

One exchange partner highlighted issues with respect to the information received relating to missing accounts. More generally, many of the exchange partners that received a significant number of records from Slovenia indicated that they achieved a success rate when matching the information received from Slovenia with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Slovenia is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Slovenia is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Slovenia implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Slovenia has the necessary systems and procedures to process them as required. It also appears that Slovenia will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Slovenia is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Slovenia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Slovenia's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Slovenia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Slovenia's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Slovenia and therefore with respect to Slovenia's implementation of these requirements. More generally, none of Slovenia's exchange partners reported rejecting files received, due to the technical requirements not being met. This is a very low amount when compared to other jurisdictions.

Based on these findings it was concluded that Slovenia is fully meeting expectations in relation to sorting, preparing and validating the information. Slovenia is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Slovenia linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Slovenia is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Slovenia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Slovenia's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Slovenia and therefore with respect to Slovenia's implementation of this requirement.

Based on these findings it was concluded that Slovenia is fully meeting expectations in relation to exchanging the information in a timely manner. Slovenia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Slovenia's exchange partners did not raise any concerns with respect to Slovenia's use of the agreed transmission methods and therefore with Slovenia's implementation of this requirement.

Based on these findings it was concluded that Slovenia is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Slovenia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of a status message by Slovenia. It was noted that Slovenia sent the status message shortly thereafter and appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that Slovenia is fully meeting expectations in relation to the receipt of the information. Slovenia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Slovenia appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Slovenia's exchange partners and therefore with respect to Slovenia's implementation of these requirements.

Based on these findings it was concluded that Slovenia appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Slovenia is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Slovenia wishes to express its gratitude and deep appreciation for the excellent work carried out by the Global Forum on Transparency and Exchange of Information and assessors from the AEOI Assessment Panel.

Slovenia is confident that the AEOI report is a fair and accurate picture of the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice for achieving a higher level of tax compliance.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

South Africa

This report analyses the implementation of the AEOI Standard in South Africa with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

South Africa's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes South Africa's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of South Africa's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

South Africa's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While South Africa is on track with respect to exchanging the information in an effective and timely manner (CR2), there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

South Africa commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, South Africa:

- enacted enabling provisions in the Tax Administration Act, 28 of 2011;
- introduced the CRS Regulations; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 March 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 28 February 2017 and on Lower Value Individual Accounts and Entity Accounts by 28 February 2018.

Following the initial Global Forum peer review, South Africa amended its legislative framework to address issues identified, effective from 1 June 2021.

With respect to the exchange of information under the AEOI Standard, South Africa:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017; and
- put in place three bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in South Africa that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that South Africa requires the reporting of Financial Accounts held by all non-residents and domestic residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of South Africa's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	6 570
Financial Accounts reported in 2021	303 142

Table 2 sets out the number of exchange partners to which information was successfully sent by South Africa in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to South Africa's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	57	63	68	76

In order to provide for the effective implementation of the AEOI Standard, in South Africa:

- the South African Revenue Service (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with South Africa's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by the South African Revenue Service; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of South Africa's legal frameworks implementing the AEOI Standard concluded with the determination that South Africa's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of South Africa's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for South Africa are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

South Africa's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

South Africa has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

South Africa has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

South Africa has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

South Africa has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

South Africa's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of South Africa's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from South Africa and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

South Africa has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

South Africa put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

South Africa's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for South Africa are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

South Africa's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while South Africa is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). South Africa should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, South Africa implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- South Africa implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as comparing the AEOI returns submitted by the Financial Institutions with domestic returns and analysing the list of Reporting Financial Institutions and the lists of regulated entities. South Africa's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. South Africa intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- South Africa has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the list of entities maintained by South Africa's financial regulators and the Foreign Financial Institution list for FATCA purposes, although it is not clear whether non-regulated entities that are Financial Institutions for purposes of the AEOI Standard are adequately covered. South Africa is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. South Africa intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing South Africa's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, South Africa has assigned the equivalent of seven full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments and which perform statistical analysis of the information reported. Overall, they appear to have developed an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities, although only a limited number of activities have taken place so far.
- South Africa has conducted some compliance exercises, including the issuance of compliance questionnaires to Reporting Financial Institutions where issues in the data have been identified. However, they have been limited in volume and scope. It is also noted that, although issues were identified, these have not yet been followed up on with verification and enforcement activities to ensure ongoing compliance.
- South Africa appears ready to take effective action to address circumvention of the requirements if such circumvention is detected. However, it does not appear to have formal procedures in place to ensure self-certifications are obtained as required. With respect to following up on undocumented accounts, South Africa has conducted an analysis of the reasons why they have been reported and has begun to follow up with the Financial Institutions concerned to verify whether the requirements are being complied, beginning with the Financial Institutions that have reported a high number of undocumented accounts.
- South Africa will keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	South Africa has carried out substantial communication and outreach activities, such as education and awareness campaigns, which are tailor made for different categories of Financial Institutions, and one-to-one sessions to educate Reporting Financial Institutions on their obligations as regards the AEOI Standard.
Verifying that Financial Institutions are reporting as required	South Africa has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the population of Financial Institutions which reported information against the database of Reporting Financial Institutions for domestic purposes and identified no Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	South Africa has conducted some desk-based checks to verify whether the information being reported is complete and accurate. These were based on questionnaires that were sent to a sample of one category of Reporting Financial Institutions. South Africa has not yet conducted in-depth audits or onsite visits, but has plans to do so in the near future.
Enforcement	Following the activities mentioned above, South Africa has not yet imposed penalties and sanctions, but has plans to do so in the near future.

South Africa was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers and dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented.

Information provided by South Africa also showed a significantly higher number of undocumented accounts reported by its Reporting Financial Institutions, when compared to other jurisdictions, which should only occur when it is not possible for the Reporting Financial Institutions to identify whether the accounts are held by Reportable Persons. However, the number of undocumented accounts has reduced over time. Follow-up discussions confirmed that South Africa is aware of these issues and is taking steps to address them.

Feedback was also received from South Africa's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a much lower level of success when seeking to match information received from South Africa with their taxpayer database.

Based on these findings it was concluded that South Africa is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to carrying out the necessary verification and enforcement activities, verification as regards whether self-certifications are obtained and the collection and monitoring of information on TINs and dates of birth. South Africa should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

South Africa should expand the information sources it uses to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

South Africa should further implement its procedures to verify whether Reporting Financial Institutions are reporting complete and accurate information.

South Africa should further develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated

communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

South Africa should routinely apply its enforcement activities where non-compliance is identified, including the application of penalties and sanctions as appropriate.

South Africa should implement systems to collect and monitor information on the reporting of Tax Identification Numbers and dates of birth to inform its compliance strategy.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that South Africa implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, it appears that South Africa has the necessary systems and procedures to process them as required. South Africa also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that South Africa is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. South Africa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

South Africa's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). South Africa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from South Africa's exchange partners did not raise any specific concerns with respect to their ability to process the information received from South Africa and therefore with respect to South Africa's implementation of these requirements.

Based on these findings it was concluded that South Africa is fully meeting expectations in relation to sorting, preparing and validating the information. South Africa is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, South Africa linked to the CTS.

Based on these findings it was concluded that South Africa is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. South Africa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from South Africa's exchange partners did not raise any concerns with respect to timeliness of the exchanges by South Africa and therefore with respect to South Africa's implementation of this requirement.

Based on these findings it was concluded that South Africa is fully meeting expectations in relation to exchanging the information in a timely manner. South Africa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from South Africa's exchange partners did not raise any concerns with respect to South Africa's use of the agreed transmission methods and therefore with South Africa's implementation of this requirement.

Based on these findings it was concluded that South Africa is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. South Africa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from South Africa's exchange partners did not raise any concerns with respect to South Africa's receipt of the information and therefore with South Africa's implementation of these requirements.

Based on these findings it was concluded that South Africa is fully meeting expectations in relation to the receipt of the information. South Africa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

South Africa appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by South Africa's exchange partners and therefore with respect to South Africa's implementation of these requirements.

Based on these findings it was concluded that South Africa appears to be fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. South Africa is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Hong Kong (China), Qatar and Singapore. South Africa has also activated a relationship under the CRS MCAA with Qatar.

Spain

This report analyses the implementation of the AEOI Standard in Spain with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Spain's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Spain's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Spain's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Spain's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Spain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Spain commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Spain:

- enacted the 22nd Additional Provision of General Taxation Law passed by Act 58/2003; and
- introduced the Royal Decree 1021/2015 that contains the requirement to determine the residence for tax purposes of Account Holders and those who have control over Financial Accounts and the requirement to report information pursuant to Mutual Assistance; and
- introduced the Order HAP/1695/2016 on FORM 289 on annual reporting on financial accounts in the field of mutual assistance.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Spain amended its legislative framework to address issues identified, effective from 11 July 2021.

With respect to the exchange of information under the AEOI Standard, Spain:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Spain that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Spain requires the reporting of Financial Accounts held by non-residents based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Spain's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	1 452
Financial Accounts reported in 2021	2 545 462

Table 2 sets out the number of exchange partners to which information was successfully sent by Spain in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Spain's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	66	71	72	78

In order to provide for the effective implementation of the AEOI Standard, in Spain:

- the Spanish Tax Agency (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Spain's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through a dedicated Web Service; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Spain's legal frameworks implementing the AEOI Standard concluded with the determination that Spain's domestic and international legal frameworks are In Place. This has

been taken into account when reviewing the effectiveness of Spain's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Spain are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Spain's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Spain has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Spain has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Spain has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Spain has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Spain's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Spain's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Spain and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Spain has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Spain put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Spain's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Spain are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Spain's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Spain is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Spain implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Spain implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as information from other regulatory bodies, the compliance issues identified in FATCA implementation, outcomes of the compliance procedures and studies of different financial sectors. Spain's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Spain intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Spain has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as domestic tax returns, the lists of regulated entities provided by other regulatory bodies, e.g. the Central Bank, and the Foreign Financial Institution list for FATCA purposes. Spain has taken action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Furthermore, it is also requiring Reporting Financial Institutions to submit nil returns if they do not maintain any Reportable Accounts. Spain intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Spain's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Spain has assigned the equivalent of 10 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities and including measures to ensure that self-certifications are obtained as required and to follow up on undocumented accounts.
- It appears that Spain effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Spain is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Spain will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Spain has carried out some communication and outreach activities, such as issuing detailed guidance for Financial Institutions on the Competent Authority's compliance activities with regards to the AEOI Standard, which is regularly updated. Spain has created helplines and contact points at the tax authority via email and telephone, and conducts annual information campaigns including face-to-face informative sessions with stakeholders and discussions with the professional associations. Spain also interacts with Financial Institutions via informative letters, providing additional guidance.
Verifying that Financial Institutions are reporting as required	Spain has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as cross-checking the lists of entities from other financial regulators and the list of Foreign Financial Institutions for FATCA purposes, and actively follows up with the Financial Institutions that are identified in the tax authority's list but did not submit any reporting under CRS (i.e. the "non-filers of Form 289"). Spain has also recently updated its reporting obligations to include a nil return where a Reporting Financial Institutions does not maintain Reportable Accounts. Spain has identified several Reporting Financial

Activity type	Activities undertaken
	Institutions incorrectly not reporting. Spain has followed up with these Reporting Financial Institutions and, as a result of these activities, they have all complied with their obligations under the AEOI Standard and the information has already been sent to the relevant partners.
Verifying whether the information reported is complete and accurate	Spain has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Spain has conducted some in-depth audits, including onsite visits based on a risk assessment process. It accordingly identified many issues, commonly concerning Reportable Accounts that were not reported or reported incorrectly. Most of the issues have been successfully corrected and updated information has been exchanged with its partners. Spain is in the process of addressing the remaining issues with the related Financial Institutions with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Spain has begun to impose penalties and is monitoring their impact to ensure future compliance.

With respect to the Financial Account information collected and sent by Spain, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

More generally, many of the exchange partners that received a significant number of records from Spain indicated that they achieved a success rate when matching the information received from Spain with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Spain is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Spain is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Spain implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Spain received notifications from one partner and successfully processed them in a timely manner, resolving the issues raised. It also appears that Spain notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Spain is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Spain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

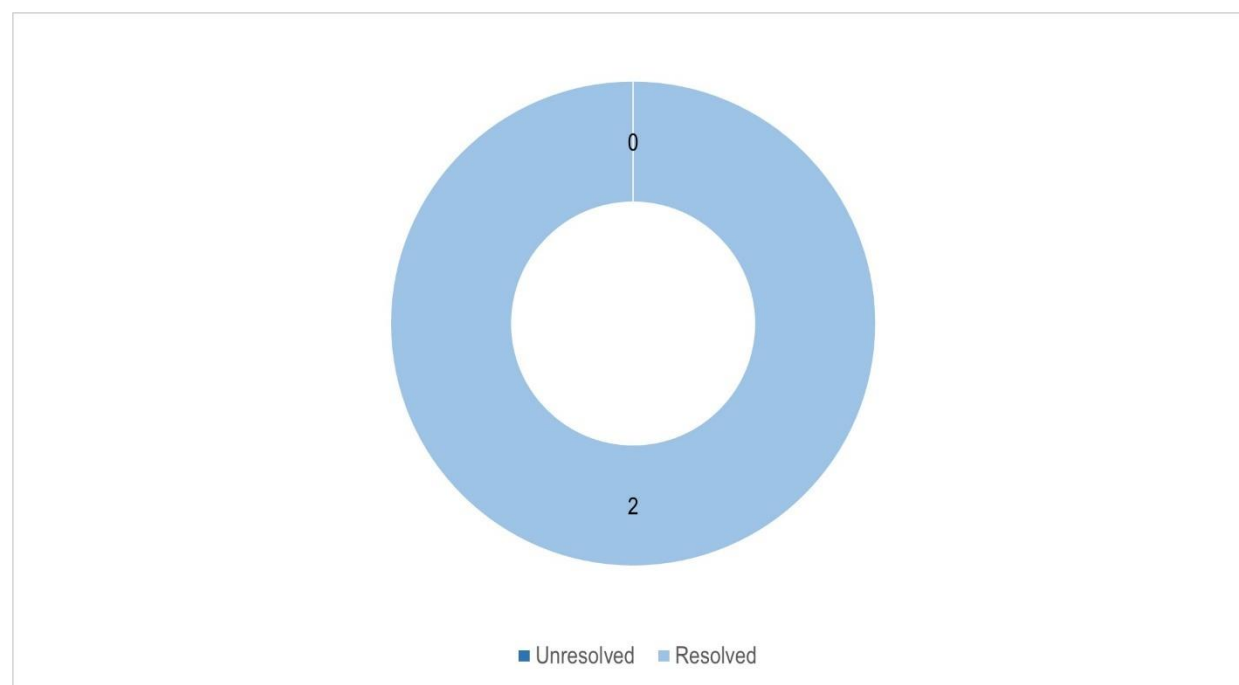
Spain's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Spain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Spain (representing 2% of its partners). More generally, two (or 2%) of Spain's exchange partners reported rejecting more than 25% of the files received, of which none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Spain has successfully addressed all of the issues raised.

Figure 1. Technical issues raised by Spain's exchange partners



Based on these findings it was concluded that Spain is fully meeting expectations in relation to sorting, preparing and validating the information. Spain is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Spain linked to the CTS and the CCN, which is used for the exchanges within the EU.

Based on these findings it was concluded that Spain is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Spain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

No exchange partners highlighted delays in the sending of information by Spain.

Based on these findings it was concluded that Spain is fully meeting expectations in relation to exchanging the information in a timely manner. Spain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Spain's exchange partners did not raise any concerns with respect to Spain's use of the agreed transmission methods and therefore with Spain's implementation of this requirement.

Based on these findings it was concluded that Spain is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Spain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

One exchange partner highlighted delays in the sending of status messages by Spain, relating to 2020. It was noted that Spain is in the process of addressing the issue raised.

Based on these findings it was concluded that Spain is fully meeting expectations in relation to the receipt of the information. Spain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Spain appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Spain's exchange partners and therefore with respect to Spain's implementation of these requirements.

Based on these findings it was concluded that Spain is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Spain is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Sweden

This report analyses the implementation of the AEOI Standard in Sweden with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Sweden's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Sweden's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Sweden's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Sweden's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Sweden is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Sweden commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Sweden:

- amended its Tax Procedure Code (2011:1244) and the Tax Procedure Ordinance (2011:1261);
- enacted Act (2015:911) on the identification of reportable accounts with regard to automatic exchange of information on financial accounts;
- enacted Act (2015:912) on the automatic exchange of information on financial accounts; and
- introduced Ordinance (2015:921) on the identification of reportable accounts with regard to automatic exchange of information on financial accounts and Ordinance (2015:922) on the automatic exchange of information on financial accounts.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, Sweden amended its legislative framework to address issues identified, effective from 1 January 2019.

With respect to the exchange of information under the AEOI Standard, Sweden:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation, as amended by Directive 2014/107/EU; and
- has in place European Union agreements with five European third countries.¹

Table 1 sets out the number of Financial Institutions in Sweden that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Sweden requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Sweden's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	518
Financial Accounts reported in 2021	1 255 729

Table 2 sets out the number of exchange partners to which information was successfully sent by Sweden in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Sweden's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	61	66	70	73

In order to provide for the effective implementation of the AEOI Standard, in Sweden:

- the Swedish Tax Agency (STA, the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Sweden's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by introducing an E-service, allowing XML file upload; and
- the Common Transmission System (CTS), and in the European Union (EU) the Common Communication Network (CCN), are used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Sweden's legal frameworks implementing the AEOI Standard concluded with the determination that Sweden's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Sweden's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Sweden are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Sweden's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Sweden has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Sweden has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Sweden has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Sweden has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Sweden's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Sweden's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Sweden and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Sweden has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Sweden put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Sweden's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Sweden are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Sweden's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Sweden is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Sweden implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Sweden developed and implemented an overarching strategy to ensure compliance with the AEOI Standard. The first part of Sweden's strategy has been to identify the Financial Institutions and ensure that they are aware of their obligations to (i) notify the tax administration that they are reporting Financial Institutions by completing and sending the relevant form, and (ii) review Financial Accounts, identify Reportable Accounts and report the relevant information. In order to deliver this strategy, Sweden conducted a communication and education campaign as well as a risk assessment that took into account a range of relevant information sources, such as an analysis of its business sector. Sweden's compliance strategy facilitates the understanding of and compliance with their obligations by reporting Financial Institutions and incorporates a credible approach to enforcement. Sweden intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Sweden has worked effectively to understand its population of Financial Institutions including relevant non-regulated entities, utilising various relevant information sources, such as the list of all Financial Institutions licensed or supervised by the SFSA, the Foreign Financial Institutions list for FATCA purposes, and domestic tax return information. Sweden has taken action to ensure its Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Sweden intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The Swedish Tax Administration responsible for implementing Sweden's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Sweden has assigned the equivalent of nine full time staff to work on the implementation of the AEOI Standard. This includes three auditors and one IT specialist responsible for monitoring and ensuring compliance by Reporting Financial Institutions. The compliance team has access to IT systems and tools to conduct risk assessments. In addition, a working group comprised of officials from various departments of the Swedish Tax Administration was formed to consider risk-based issues regarding the AEOI Standard. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities, including measures to ensure that self-certifications are obtained as required and to follow up on undocumented accounts. .
- It appears that Sweden effectively enforces the requirements, including through in-depth reviews, the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Sweden is ready to take effective action to address circumvention of the requirements if such circumvention is detected.
- Sweden has also developed a process to follow in order to keep its jurisdiction-specific list of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Sweden has carried out substantial communication and outreach activities. This includes regular face-to-face and virtual meetings with financial industry representatives, regular informative newsletters on the AEOI Standard, webinars and direct contact with individual Financial Institutions through answering their questions or notifying them or meeting with them on specific issues.
Verifying that Financial Institutions are reporting as required	Sweden has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as desk-based audits and onsite audits, and identified some Financial Institutions incorrectly reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Sweden has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Sweden has conducted some onsite audits. It accordingly identified some issues, usually concerning identified reportable accounts for which information was reported incorrectly and Financial Institutions that reported information but were identified as substantially not complying with the requirements. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Sweden has not yet imposed penalties and sanctions, but has plans to do so in the near future. The Financial Supervisory Authority, which supervises most of the Swedish Financial Institutions, has also been notified about some of the issues.

With respect to the Financial Account information collected and sent by Sweden, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

Two exchange partners highlighted issues with respect to information received from Sweden, such as invalid or missing Tax Identification Numbers and missing dates of birth. Follow-up discussions confirmed that Sweden is aware of these issues. It is seeking to improve the situation and is in contact with the fellow partner jurisdictions. More generally, many of the exchange partners that received a significant number of records from Sweden indicated that they achieved a success rate when matching the information received from Sweden with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Sweden is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Sweden is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Sweden implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in

accordance with expectations. In particular, Sweden received notification from one partner and successfully processed it in a timely manner, resolving the issues raised. Sweden also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Sweden is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Sweden is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

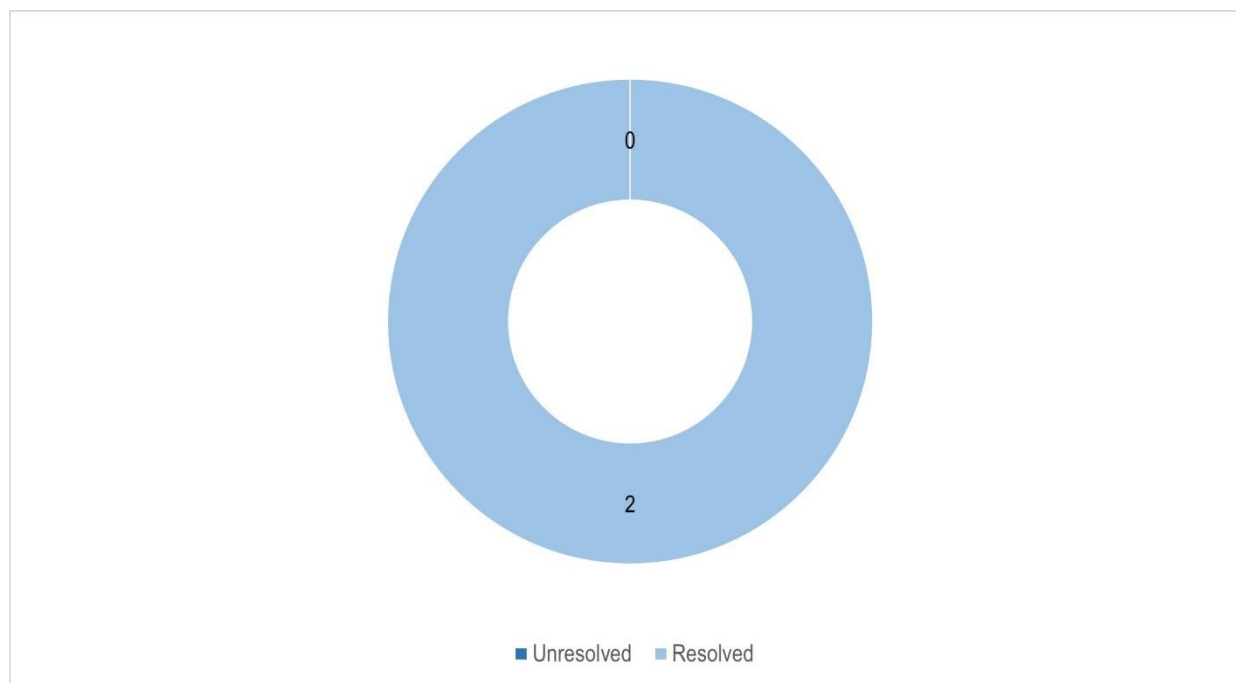
Sweden's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Sweden is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Sweden. More generally, two (or 3%) of Sweden's exchange partners reported rejecting more than 25% of the files received, of which one reported rejecting more than 50% of files received, due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that Sweden has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Sweden's exchange partners



Based on these findings it was concluded that Sweden is fully meeting expectations in relation to sorting, preparing and validating the information. Sweden is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Sweden linked to the CTS and the CCN, which is used for exchanges within the EU.

Based on these findings it was concluded that Sweden is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Sweden is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Sweden's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Sweden and therefore with respect to Sweden's implementation of this requirement.

Based on these findings it was concluded that Sweden is fully meeting expectations in relation to exchanging the information in a timely manner. Sweden is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Sweden's exchange partners did not raise any concerns with respect to Sweden's use of the agreed transmission methods and therefore with Sweden's implementation of this requirement.

Based on these findings it was concluded that Sweden is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Sweden is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Sweden's exchange partners did not raise any concerns with respect to Sweden's receipt of the information and therefore with Sweden's implementation of these requirements.

Based on these findings it was concluded that Sweden is fully meeting expectations in relation to the receipt of the information. Sweden is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Sweden appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Sweden's exchange partners and therefore with respect to Sweden's implementation of these requirements.

Based on these findings it was concluded that Sweden appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Sweden is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

Switzerland

This report analyses the implementation of the AEOI Standard in Switzerland with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Switzerland's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Switzerland's international legal framework to exchange the information with all of Switzerland's Interested Appropriate Partners (CR2) is consistent with the requirements of the AEOI Terms of Reference, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. More specifically, Switzerland provides for jurisdiction-specific Non-Reporting Financial Institutions and Excluded Accounts that do not meet the requirements of the AEOI Standard.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

Switzerland's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Switzerland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track
--

General context

Switzerland commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Switzerland:

- enacted the Federal Act of 18 December 2015 on the International Automatic Exchange of Information in Tax Matters; as amended on 9 October 2020;
- introduced the Ordinance of 23 November 2016 on the International Automatic Exchange of Information in Tax Matters; as amended on 9 October 2020;
- issued further guidance, which is legally binding; and
- made reference to the Federal Act of 12 December 2014 on the Implementation of the Revised FATF Recommendations of 2012 for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Switzerland made various amendments to its legislative framework to address issues identified, the last of which will be effective from 1 January 2021.

With respect to the exchange of information under the AEOI Standard, Switzerland:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018;
- has in place an agreement with the European Union; and
- put in place two bilateral agreements.¹

Table 1 sets out the number of Financial Institutions in Switzerland that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Switzerland requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Switzerland's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	4 348
Financial Accounts reported in 2021	3 403 874

Table 2 sets out the number of exchange partners to which information was successfully sent by Switzerland in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Switzerland's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	36	62	66	72

In order to provide for the effective implementation of the AEOI Standard, in Switzerland:

- the Federal Tax Administration (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Switzerland's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place with an AEOI reporting application which allows for CRS XML Schema submissions via a web portal, web service server-to-server transmission, and an online form for manual submission; and

- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Switzerland's legal frameworks implementing the AEOI Standard concluded with the determination that Switzerland's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Switzerland's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Switzerland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

Switzerland's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1), and the scope of Financial Accounts required to be reported (SR 1.2).

More specifically, Switzerland provides for categories of jurisdiction-specific Non-Reporting Financial Institutions and Excluded Accounts that do not meet the requirements of the AEOI Standard.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Switzerland has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Switzerland provides for two categories of jurisdiction-specific Non-Reporting Financial Institutions that do not correspond to any of the categories of Non-Reporting Financial Institutions foreseen in the AEOI Standard. The scope of Reporting Financial Institutions, including the provision on Non-Reporting Financial Institutions is material to the proper functioning of the AEOI Standard.

Recommendations:

Switzerland should amend its domestic legislative framework to remove two categories from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not correspond to any of the categories of Non-Reporting Financial Institutions foreseen in the AEOI Standard. The entries are: i) associations that pursue a non-commercial purpose, and ii) foundations that pursue a public, charitable or non-material purpose.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Switzerland has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to them in a

manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Switzerland provides for three jurisdiction-specific Excluded Accounts which are not in line with the requirements of the AEOI Standard. Two of the Excluded Accounts do not correspond to any of the categories of Excluded Accounts in the AEOI Standard. The capital contribution accounts have some similarity to escrow accounts, but do not relate to the sale, exchange or lease of real or personal property and do not have sufficiently similar characteristics to the requirements nor to ensure that these accounts pose a low risk of being used to evade tax. The scope of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

Switzerland should amend its domestic legislative framework to remove three entries from its jurisdiction-specific list of Excluded Accounts as they do not meet the requirements. The entries are: i) accounts of associations that pursue a non-commercial purpose; ii) accounts of foundations that pursue a public, charitable or non-material purpose; and iii) capital contribution accounts.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Switzerland has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Switzerland has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Switzerland's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Switzerland's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Switzerland and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Switzerland has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Switzerland put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Switzerland's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Switzerland would like to express its general appreciation for the work of the Global Forum and reiterates that it takes its commitment to implement the AEOI Standard according to the Global Forum's recommendations very seriously. Following the initial Global Forum peer review, Switzerland made various amendments to its legislative framework to address the issues identified.

Switzerland takes note of the remaining recommendations set out under SR 1.1. and 1.2., but is convinced that the entities and accounts concerned have a very low risk of being misused for tax evasion, especially as the legal framework contains strict requirements that significantly reduce or exclude the danger of abuse, which is therefore of a theoretical nature. Nonetheless, Switzerland understands the reasons for the recommendations in the context of the applicable standard.

Switzerland would like to highlight that the treatment of the concerned entities and accounts will be discussed as a part of the OECD's review of the AEOI Standard with first discussions starting in late October 2020. Regarding the treatment of non-profit entities, the OECD Secretariat has already submitted a specific proposal for the review of the AEOI Standard. This proposal reflects Switzerland's concerns and would take into account four recommendations on SR 1.1 and SR 1.2 regarding non-commercial associations and charitable foundations. As regards capital contribution accounts, it is necessary to await the outcome of the discussions.

As long as the discussions of the issues raised as part of the OECD's review of the AEOI Standard have not taken place, the question whether or not the entities and accounts aforementioned are exempt from the reporting requirements should be left open and should not prejudice Switzerland's legal determination.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Switzerland are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Switzerland's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Switzerland is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Switzerland implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Switzerland implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the information reported by Financial Institutions, information from the financial market regulator and research conducted using publicly available information. Switzerland's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Switzerland intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Switzerland has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as lists of regulated entities, the Foreign Financial Institution list for FATCA purposes and information from trust and company service providers. Switzerland is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Switzerland intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Switzerland's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Switzerland has assigned the equivalent of around six full time auditors to monitor and ensure compliance by Reporting Financial Institutions. Switzerland also has additional AEOI and IT staff who help implement the compliance strategy and which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Switzerland effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions in both desk-based and onsite audits and the application of dissuasive penalties and sanctions for non-compliance. It also appears that Switzerland is ready to take effective action to address circumvention of the requirements if such circumvention is detected, and that action is being taken to ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- Switzerland will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.
- Switzerland has two categories of Non-Reporting Financial Institution that have been recommended to be removed from its jurisdiction-specific list of Non-Reporting Financial Institutions and three entries of Excluded Accounts that have been recommended to be removed from its jurisdiction-specific list of Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Switzerland has carried out substantial communication and outreach activities, such as providing detailed guidance and updates to Financial Institutions, regularly participating in seminars with industry and engaging closely with Financial Institutions as part of an industry working group.
Verifying that Financial Institutions are reporting as required	Switzerland has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as undertaking reviews of lists of regulated entities, analyzing information from trust and company service providers and the Foreign Financial Institution list for FATCA purposes, introducing a nil reporting requirement and introducing a review process on Financial Institutions de-registering from their

Activity type	Activities undertaken
	reporting obligations. Switzerland identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Switzerland has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Switzerland has carried out a significant number of in-depth onsite audits and has plans to do more in the near future. It accordingly identified some issues, most commonly concerning accounts incorrectly reported as undocumented accounts and accounts with identifying information not reported even when held. It has followed up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, Switzerland has imposed some penalties and sanctions in relation to late or non-reporting. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

With respect to the Financial Account information collected and sent by Switzerland, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts.

More generally, the majority of the exchange partners that received a significant number of records from Switzerland indicated that they achieved a success rate when matching the information received from Switzerland with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Switzerland is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Switzerland is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, Switzerland implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, Switzerland received a notification from one partner and successfully processed it in a timely manner, resolving the issues raised. Switzerland also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Switzerland is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Switzerland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

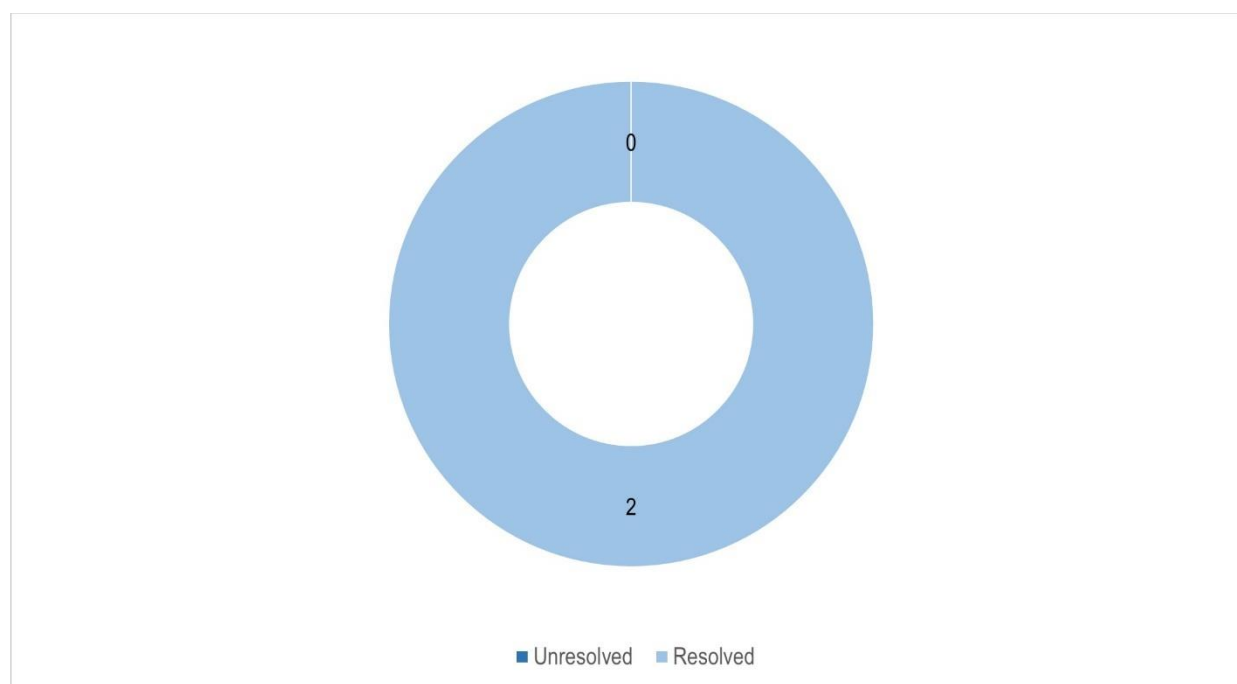
Switzerland's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Switzerland has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Two exchange partners highlighted particular issues with respect to preparation and format of the information sent by Switzerland (representing 3% of its partners). These generally related to referencing issues in relation to record errors. More generally, three (or 4%) of Switzerland's exchange partners reported rejecting more than 25% of the files received, of which none reported rejecting more than 50% of files received, due to the technical requirements not being met. This is now broadly in line with the general experience of other jurisdictions. It was noted that Switzerland has already successfully addressed all of the issues.

Figure 1. Technical issues raised by Switzerland's exchange partners



Based on these findings it was concluded that Switzerland is fully meeting expectations in relation to sorting, preparing and validating the information. Switzerland is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Switzerland linked to the CTS.

Based on these findings it was concluded that Switzerland is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Switzerland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Switzerland's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Switzerland and therefore with respect to Switzerland's implementation of this requirement.

Based on these findings it was concluded that Switzerland is fully meeting expectations in relation to exchanging the information in a timely manner. Switzerland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Switzerland's exchange partners did not raise any concerns with respect to Switzerland's use of the agreed transmission methods and therefore with Switzerland's implementation of this requirement.

Based on these findings it was concluded that Switzerland is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Switzerland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Switzerland's exchange partners did not raise any concerns with respect to Switzerland's receipt of the information and therefore with Switzerland's implementation of these requirements.

Based on these findings it was concluded that, Switzerland is fully meeting expectations in relation to the receipt of the information. Switzerland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Switzerland has responded to a notification and provided corrected, amended or additional information in a timely manner and no such concerns were raised by Switzerland's exchange partners and therefore with respect to Switzerland's implementation of these requirements.

Based on these findings it was concluded that Switzerland is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Switzerland is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Hong Kong (China) and Singapore.

Trinidad and Tobago

This report analyses the implementation of the AEOI Standard in Trinidad and Tobago with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Trinidad and Tobago's legal framework to implement the AEOI Standard is not in place. This is because Trinidad and Tobago has not put in place a domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) nor an international legal framework to exchange the information with all Interested Appropriate Partners (CR2).

Overall determination on the legal framework: Not In Place

Effectiveness of AEOI in practice

Trinidad and Tobago's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because Trinidad and Tobago has not put in place a domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) nor an international legal framework to exchange the information with all Interested Appropriate Partners (CR2).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Trinidad and Tobago committed to commence exchanges under the AEOI Standard in 2018.

Trinidad and Tobago has not yet put in place a domestic legislative framework and does not yet have an international legal framework to exchange the information. It has also not yet put in place technical solutions necessary to receive and validate information reported by Reporting Financial Institutions.

It should be noted that the review of Trinidad and Tobago's legal frameworks implementing the AEOI Standard concluded with the determination that its domestic legal framework and its international legal framework is Not In Place. This has been taken into account when reviewing the effectiveness of Trinidad and Tobago's implementation of the AEOI Standard in practice.

Trinidad and Tobago advised that its Parliament has approved primary domestic legislation. However, it will not be proclaimed as law until after the required administrative arrangements are in place.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Trinidad and Tobago are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: Not In Place

Trinidad and Tobago has not put in place a domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, therefore the CR1 Domestic legal framework is determined to be not in place. As no such framework is in place a detailed analysis in relation to each SR has not been possible.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: Not In Place

Trinidad and Tobago has not put in place the international legal framework to exchange the information with all of Trinidad and Tobago's Interested Appropriate Partners, therefore the CR2 International legal framework is determined to be not in place. As no such framework is in place a detailed analysis in relation to each SR has not been possible.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Trinidad and Tobago are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Trinidad and Tobago has not put in place a domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, therefore the effectiveness in practice of its administrative compliance framework and its collaboration with exchange partners (CR1

Effectiveness in practice) has been determined to be Non-Compliant. As no such legal framework is in place, a detailed analysis in relation to each SR is not necessary.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Non-Compliant

Trinidad and Tobago has not put in place the international legal framework to exchange in the information with all Interested Appropriate Partners, therefore the effectiveness in practice of its exchange of the information (CR2 Effectiveness in practice) is determined to be Non-Compliant. As no such framework is in place a detailed analysis in relation to each SR is not necessary.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Türkiye

This report analyses the implementation of the AEOI Standard in Türkiye with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Türkiye's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Türkiye's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Türkiye's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Türkiye's implementation of the AEOI Standard is partially compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This is because there are significant issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and with respect to exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: Partially Compliant

General context

Türkiye commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Türkiye:

- relies on Articles 148, 149 and 152/A of the Tax Procedure Law;
- issued the Official letter from the Turkish Revenue Administration dated 30/06/2017 and its attachment "Guidance on Residency and Due Diligence", that was amended in April 2020; and
- made reference to the Regulation on Prevention Measures Regarding Laundering Proceeds of Crime and Financing of Terrorism (reviewed for the definition of beneficial owner) implementing the FATF Recommendations for the purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 30 June 2018 and on Lower Value Individual Accounts and Entity Accounts by 30 June 2019.

Following the initial Global Forum peer review, Türkiye amended its legislative framework to address issues identified, effective from 1 April 2020.

With respect to the exchange of information under the AEOI Standard, Türkiye:

- put in place two bilateral agreements in time for exchanges from 2018¹; and
- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2020.

Table 1 sets out the number of Financial Institutions in Türkiye that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or relating to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Türkiye requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Türkiye's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	84
Financial Accounts reported in 2021	6 180 848

Table 2 sets out the number of exchange partners to which information was successfully sent by Türkiye in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Türkiye's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	1	1	52	68

In order to provide for the effective implementation of the AEOI Standard, in Türkiye:

- the Turkish Revenue Administration – the TRA (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions with support from the Tax Inspection Board (the authority of Minister of Treasury and Finance responsible for tax audits) and the financial regulators, such as the Banking Regulation and Supervision Agency, the Capital Markets Board and the General Directorate of Insurance (the authorities responsible for the oversight and regulation of the banking sector);
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring Reporting Financial Institutions to submit the information through the B-Trans system. The information received undergoes XML Schema validations; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Türkiye's legal frameworks implementing the AEOI Standard concluded with the determination that Türkiye's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Türkiye's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Türkiye are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Türkiye's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Türkiye has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Türkiye has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Türkiye has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Türkiye has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Türkiye's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Türkiye's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Türkiye and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Türkiye has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Türkiye put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Türkiye's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Türkiye are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Partially Compliant

Türkiye's implementation of the AEOI Standard is partially compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, while Türkiye is meeting expectations with respect to collaboration with its exchange partners to ensure effectiveness (SR 1.6), there are significant issues with respect to ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5). Türkiye should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and

- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Türkiye implemented many of the requirements in accordance with expectations. However, significant issues were identified. The key findings were as follows:

- Türkiye implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account the information reported by Reporting Financial Institutions. However, Türkiye's risk assessment could be expanded further to ensure that it has a systemic and comprehensive consideration of risk to inform its compliance strategy. Türkiye intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Türkiye has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as an internal list of relevant entities held by the TRA, the list of regulated entities published by the financial regulators and associations, and it intends to utilise the Foreign Financial Institution list for FATCA purposes once the domestic FATCA legislation comes into force. Türkiye is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Türkiye intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Türkiye's compliance strategy appear to have the necessary powers and resources to discharge their functions. With respect to resourcing, Türkiye has assigned the equivalent of 15 full time staff at the Turkish Revenue Administration and 10 full time staff from the Tax Inspection Board to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities, yet the role of Financial Institution regulators is to be finalised.
- It appears that Türkiye effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. Türkiye has started by conducting desk-based audits of its 10 largest Financial Institutions and intends to expand this programme in the near future, including through onsite visits. It also appears that Türkiye is ready to take effective action to address circumvention of the requirements if such circumvention is detected. Türkiye has started actions to ensure self-certifications are obtained as required and to follow up on undocumented accounts as part of the desk-based audits.
- It is noted that Türkiye does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Türkiye has carried out some communication and outreach activities, such as responding to questions from Financial Institutions about their obligations under the AEOI Standard, publishing information on its website to assist Reporting Financial Institutions with the reporting obligations, holding online meetings and a workshop with Financial Institutions regarding their reporting requirements, holding meetings with relevant bodies from the financial sector to discuss topics related to the AEOI Standard, including the requirements to obtain self-certifications.
Verifying that Financial Institutions are reporting as required	Türkiye has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as utilising a list of Financial Institutions from the TRA to identify those with reporting obligations and sending letters to those Financial Institutions that were considered Reporting Financial Institutions for CRS purposes. Türkiye has also cross-checked this list against lists of regulated entities held by other relevant regulatory bodies. Türkiye identified some Financial Institutions incorrectly not reporting. It has followed up on these issues with a view to ensuring future compliance and has received the corresponding reports from most of them.
Verifying whether the information reported is complete and accurate	Türkiye has conducted some desk-based checks, with the information request letter and questionnaire sent to the largest 10 financial institutions, to verify whether the information being reported is complete and accurate. Türkiye has not yet conducted in-depth audits/onsite visits, but it is already preparing for them by analyzing the questionnaire responses and findings of desk-based checks. Türkiye has plans to conduct in-depth audits/onsite visits in the near future.
Enforcement	Following the activities mentioned above, Türkiye has not yet imposed penalties and sanctions, but has plans to do so in the near future.

In terms of the Financial Account information collected and sent by Türkiye, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Türkiye nevertheless reported a lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information.

Feedback from Türkiye's exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a much lower level of success when seeking to match information received from Türkiye. Furthermore, 20 exchange partners highlighted issues with respect to the information received, such as missing or invalid TIN data, missing Date of Birth and incomplete addresses. Follow-up discussions confirmed that Türkiye is aware of these issues and is seeking to improve the situation.

Based on these findings it was concluded that Türkiye is partially meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, significant issues have been identified, including with respect to the planning and effective implementation of an overarching compliance strategy that incorporates verification mechanisms to identify and address non-compliance. Türkiye should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Türkiye should expand the scope of its risk assessment process to cover a range of key risks relevant to the effectiveness of the implementation of the AEOI Standard.

Türkiye should further develop and implement an appropriate framework, including in-depth reviews, to verify whether Reporting Financial Institutions are effectively implementing the AEOI Standard.

Türkiye should commence the application of its enforcement activities where non-compliance is identified, including the application of penalties and sanctions as appropriate.

Türkiye should ensure that it consistently monitors and verifies that self-certifications have been obtained as required, including if they have been obtained as part of a “day two” procedure under the circumstances permitted by the AEOI Standard.

Türkiye should address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction’s domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Türkiye implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Türkiye has the necessary systems and procedures to process them as required. It also appears that Türkiye will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Türkiye is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. Türkiye is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: Partially Compliant

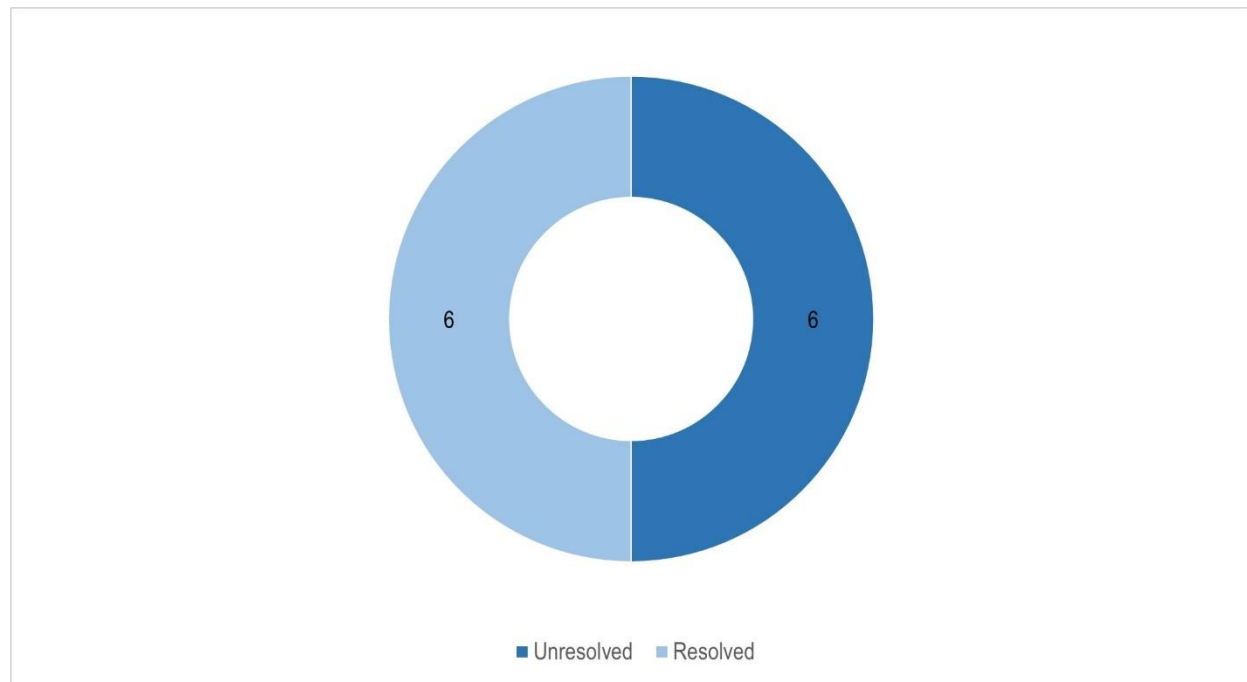
Türkiye’s implementation of the AEOI Standard is partially compliant with respect to exchanging the information effectively in practice and in a timely manner. More specifically, while Türkiye is meeting expectations with respect to correctly transmitting the information and in a timely manner (SRs 2.5 – 2.8), and providing corrections, amendments or additions to the information (SR 2.9), there are significant issues with respect to Türkiye sorting, preparing and validating the information (SR 2.4). Türkiye should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

12 exchange partners highlighted particular issues with respect to preparation and format of the information sent by Türkiye (representing 17% of its partners). These generally related to duplicated file reference numbers and CRS XML Schema validation issues. More generally, 21 (or 30%) of Türkiye's exchange partners reported rejecting more than 25% of the files received, of which 15 (or 22%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions. Türkiye has still not yet addressed many of the issues, including some that arose some time ago.

Figure 1. Technical issues raised by Türkiye's exchange partners



Based on these findings it was concluded that Türkiye is partially meeting expectations in relation to sorting, preparing and validating the information. However, significant issues have been identified, including with respect to the technical requirements. Türkiye should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Türkiye should continue to work with its exchange partners to address the issues raised.

Türkiye should review its systems and procedures for sorting, preparing and validating the information to send to its exchange partners, to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Türkiye linked to the CTS.

Based on these findings it was concluded that Türkiye is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Türkiye is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Seven exchange partners highlighted delays in the sending of information by Türkiye (representing 10% of its partners). This represents a very high proportion of exchange partners. It was noted that Türkiye successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that, overall, Türkiye is meeting expectations in relation to exchanging the information in a timely manner. It was also noted that there is room for improvement with respect to sending information to all exchange partners in a timely manner. Türkiye is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Türkiye should ensure that it sends information to all of its partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Türkiye's exchange partners did not raise any concerns with respect to Türkiye's use of the agreed transmission methods and therefore with Türkiye's implementation of this requirement.

Based on these findings it was concluded that Türkiye is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Türkiye is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Eight exchange partners highlighted delays in the sending of status messages by Türkiye, representing 9% of its partners. This represents a relatively high proportion of partners and has not improved over time. It was noted that Türkiye appears to be successfully addressing the issues to ensure that status messages are sent in accordance with the requirements.

Based on these findings it was concluded that, overall, Türkiye is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the sending of status messages in a timely manner when information is received from an exchange partner. Türkiye is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

Türkiye should ensure that it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

While it is unclear whether Türkiye's approach will ensure that corrected, amended or additional information is provided in a timely manner, it has not been tested and no such concerns were raised by Türkiye's exchange partners and therefore with respect to Türkiye's implementation of these requirements.

Based on these findings it was concluded that Türkiye appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Note

¹ With Latvia and Norway. Türkiye has also activated relationships under the CRS MCAA with both jurisdictions.

Turks and Caicos Islands

This report analyses the implementation of the AEOI Standard in the Turks and Caicos Islands with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The Turks and Caicos Islands' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While the Turks and Caicos Islands' international legal framework to exchange the information with all of the Turks and Caicos Islands' Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures has deficiencies in areas significant to the proper functioning of elements of the AEOI Standard. More specifically, the Turks and Caicos Islands provides for a jurisdiction-specific Excluded Account that is not in accordance with the requirements and its legislative framework does not ensure that valid self-certifications are always obtained for New Accounts.

Overall determination on the legal framework: In Place But Needs Improvement

Effectiveness of AEOI in practice

The Turks and Caicos Islands' implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While the Turks and Caicos Islands is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

The Turks and Caicos Islands commenced exchanges under the AEOI Standard in 2017 and exchanges information on a non-reciprocal basis (i.e. the Turks and Caicos Islands sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the Turks and Caicos Islands:

- amended the Tax Information (Exchange and Mutual Administrative Assistance) Ordinance;
- introduced the Tax Information (Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the Common Reporting Standard) Order 2016, as amended in 2017;
- introduced the International Tax Compliance Regulations 2016, as amended in May 2017; and

- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

With respect to the exchange of information under the AEOI Standard, the Turks and Caicos Islands:

- has the Convention on Mutual Administrative Assistance in Tax Matters in place¹ and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018; and
- put in place two bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the Turks and Caicos Islands that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the Turks and Caicos Islands states that it requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the Turks and Caicos Islands' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	35
Financial Accounts reported in 2021	2 556

Table 2 sets out the number of exchange partners to which information was successfully sent by the Turks and Caicos Islands in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the Turks and Caicos Islands' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	44	-	63	67

The Turks and Caicos Islands does not operate an income or corporate income tax regime. As such, there currently exists no central taxation or revenue authority within the Turks and Caicos Islands. In order to provide for the effective implementation of the AEOI Standard, in the Turks and Caicos Islands:

- the Revenue Department and the Exchange of Information Unit, both housed in the Ministry of Finance, and the Financial Services Commission (the authority responsible for regulating all financial services businesses operating in or from the Turks and Caicos Islands) have the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions. The Exchange of Information Unit (the Competent Authority) is responsible for sending information to the Turks and Caicos Islands' exchange partners;

- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by requiring all Reporting Financial Institutions to register in order to access the Automatic Exchange of Information portal and report information to the TCA, including filing nil returns. This portal allows for the validation of the information reported by the Reporting Financial Institutions against the XML Schema; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the Turks and Caicos Islands' legal frameworks implementing the AEOI Standard concluded with the determination that the Turks and Caicos Islands' domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of the Turks and Caicos Islands' implementation of the AEOI Standard in practice and where particular identified gaps in the Turks and Caicos Islands' legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the Turks and Caicos Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement

The Turks and Caicos Islands' domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Financial Accounts required to be reported (SR 1.2) and the framework to enforce the requirements (SR 1.4). More specifically, the Turks and Caicos Islands provides for a jurisdiction-specific Excluded Account that is not in accordance with the requirements and does not provide for specific measures to ensure that valid self-certifications are always obtained for New Accounts.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The Turks and Caicos Islands has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The Turks and Caicos Islands has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be

applied to identify them in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically the Turks and Caicos Islands has provided for a jurisdiction-specific Excluded Account that does not meet the requirements. The scope of Financial Accounts, including the provision of Excluded Accounts, is material to the proper functioning of the AEOI Standard.

Recommendations:

The Turks and Caicos Islands should amend its domestic legislative framework to remove Dormant Accounts from its jurisdiction-specific list of Excluded Accounts as they do not meet the requirements of the AEOI Standard, as no threshold for the exclusion has been set as required.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The Turks and Caicos Islands has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The Turks and Caicos Islands has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, the Turks and Caicos Islands' legislative framework permits accounts to be reported as undocumented when self-certifications are not obtained and/or validated after the opening of the account, rather than include measures to ensure valid self-certifications are always obtained as required. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

The Turks and Caicos Islands should amend its domestic legislative framework to include strong measures to ensure that valid self-certifications are always obtained for New Accounts and, more specifically, in the limited circumstances where a valid self-certification is permitted to be obtained after the opening of a New Account.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The Turks and Caicos Islands' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the Turks and Caicos Islands' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the Turks and Caicos Islands and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The Turks and Caicos Islands has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The Turks and Caicos Islands put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The Turks and Caicos Islands' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

The Turks and Caicos Islands wishes to acknowledge the work of the Assessment Team and Experts reviewing the AEOI standard for compliance, and thank them for their assistance and cooperation. It was not a simple exercise and proved to be quite costly for a small jurisdiction to implement in terms of administration, technology and legislation. The capacity in terms of resources is still expanding with continuous efforts being made to fall within the boundaries of the standard.

The Turks and Caicos Islands has recently implemented a new AEOI Reporting Tool with greater efficiency and reporting capabilities. For those partner jurisdictions that had some difficulty with previous years' submissions, we will happily review the files and re-submit.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the Turks and Caicos Islands are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

The Turks and Caicos Islands' implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in relation to the Turks and Caicos Islands ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6). The Turks and Caicos Islands should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the Turks and Caicos implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- While the Turks and Caicos Islands has made progress in developing its compliance strategy to ensure that Financial Institutions have correctly implemented the requirements under the AEOI Standard in practice, it still does not have a clear overarching strategy, based on a risk assessment and informed by a range of information sources. This includes a lack of documented procedures

to review and verify compliance. Furthermore, in practice, no dedicated AEOI-related compliance activities have yet been undertaken.

- While the Turks and Caicos Islands does compare the lists from other regulatory bodies and the Foreign Financial Institution list for FATCA purposes with the list of Financial Institutions that have registered with the AEOI portal to identify its population of Reporting Financial Institutions, it does not have further procedures to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard. Furthermore, it has not taken action to ensure that Reporting Financial Institutions have classified themselves correctly and are reporting information as required.
- The Turks and Caicos Islands has allocated the necessary resources, including technical resource, and putting in place the organisational frameworks and compliance strategies to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. With respect to human resources, there are three staff within the Exchange of Information Unit and five staff within the Financial Services Commission assigned to monitor and ensure compliance by Reporting Financial Institutions. At a technical level, in 2019, the Turks and Caicos Islands determined that a comprehensive reporting tool was required. A new AEOI portal was implemented in 2020, which allows Reporting Financial Institutions to report their Reportable Accounts, or file nil returns, with the Exchange of Information Unit. The Exchange of Information Unit will use this portal as a compliance tool to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures.
- The Turks and Caicos Islands has not been able to demonstrate how it verifies compliance by Reporting Financial Institutions, such as through desk-based checks or in-depth reviews that include the inspection of records help by Reporting Financial Institutions, nor how it effectively addresses cases of non-compliance. Furthermore, the Turks and Caicos Islands has also not been able to demonstrate that it has procedures in place to ensure valid self-certifications are obtained.
- The Turks and Caicos Islands does not have procedures to follow up with Reporting Financial Institutions when undocumented accounts are reported, nor does it have procedures to address circumvention of the due diligence and reporting procedures by Financial Institutions, persons or intermediaries.
- The Turks and Caicos Islands has one category of jurisdiction-specific Excluded Account, which was found to not meet the requirements. Reference is made to the recommendation issued when reviewing the Turks and Caicos Island's legal frameworks. The Turks and Caicos Islands has no other jurisdiction-specific Non-Reporting Financial Institutions or Excluded Accounts.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Guidance on the AEOI Standard has been published by the Turks and Caicos Islands.
Verifying that Financial Institutions are reporting as required	The Turks and Caicos Islands has examined the lists maintained by other regulatory bodies and the FATCA Foreign Financial Institution list to identify its population of Reporting Financial Institutions, but there are no procedures to identify non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard and verification activities to ensure that Reporting Financial Institutions are reporting as required have not yet been carried out.
Verifying whether the information reported is complete and accurate	The Turks and Caicos Islands has not yet conducted desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, the Turks and Caicos Islands has not yet

Activity type	Activities undertaken
	conducted in-depth reviews or onsite visits. There are plans to conduct such verification activities in the near future.
Enforcement	Following the activities mentioned above, the Turks and Caicos has not yet imposed penalties and sanctions, but has plans to do so in the near future.

The Turks and Caicos Islands was not able to confirm that it collects and monitors information on the proportion of Financial Accounts that are reported that include information on the Tax Identification Numbers or dates of birth with respect to the individuals associated with them. These data points are key to exchange partners to effectively utilise the information and are important to developing an effective compliance strategy to ensure the AEOI Standard is being effectively implemented. The Turks and Caicos Islands was also not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

More generally, though, many of the exchange partners that received a significant number of records from the Turks and Caicos Islands indicated that they achieved a success rate when matching the information received from the Turks and Caicos Islands with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that the Turks and Caicos Islands is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to implementing a comprehensive compliance strategy in order to address issues of non-compliance by Reporting Financial Institutions and carrying out verification and enforcement activities. The Turks and Caicos Islands should continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Turks and Caicos Islands should further develop and implement an effective documented overarching compliance plan, informed by a risk assessment, to underpin its compliance activities.

The Turks and Caicos Islands should develop and implement effective procedures to identify its population of Reporting Financial Institutions, specifically including non-regulated entities that are Financial Institutions for the purposes of the AEOI Standard.

The Turks and Caicos Islands should ensure it has effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions, including appropriate penalties and sanctions applicable to non-compliance with any of the obligations (e.g. due diligence, reporting, record keeping), and takes enforcement activities where non-compliance is identified.

The Turks and Caicos Islands should implement systems to collect and monitor information on the reporting of Tax Identification Numbers, dates of birth and undocumented accounts, to inform its compliance strategy.

The Turks and Caicos Islands should further establish and implement a clearly defined procedure to monitor and verify whether self-certifications have been obtained as required.

The Turks and Caicos Islands should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

The Turks and Caicos Islands should further develop and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as the Turks and Caicos Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

The Turks and Caicos Islands has an understanding of its obligation to collaborate on compliance and enforcement in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent). While no such notifications have yet been received, it has also not yet developed the necessary systems and procedures to be ready to process them as required.

Based on these findings it was concluded that the Turks and Caicos Islands is partially meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. More specifically, significant issues have been identified, including with respect to a lack of a documented procedure in cases where notifications are received from an exchange partner. The Turks and Caicos Islands should continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

The Turks and Caicos Islands should put in place documented procedures to address errors or non-compliance notified by an exchange partner.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

The Turks and Caicos Islands' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as the Turks and Caicos Islands exchanges information non-reciprocally, so does not receive information. While there are still significant issues with respect to sorting, preparing and validating the information (SR 2.4), the Turks and Caicos Islands has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

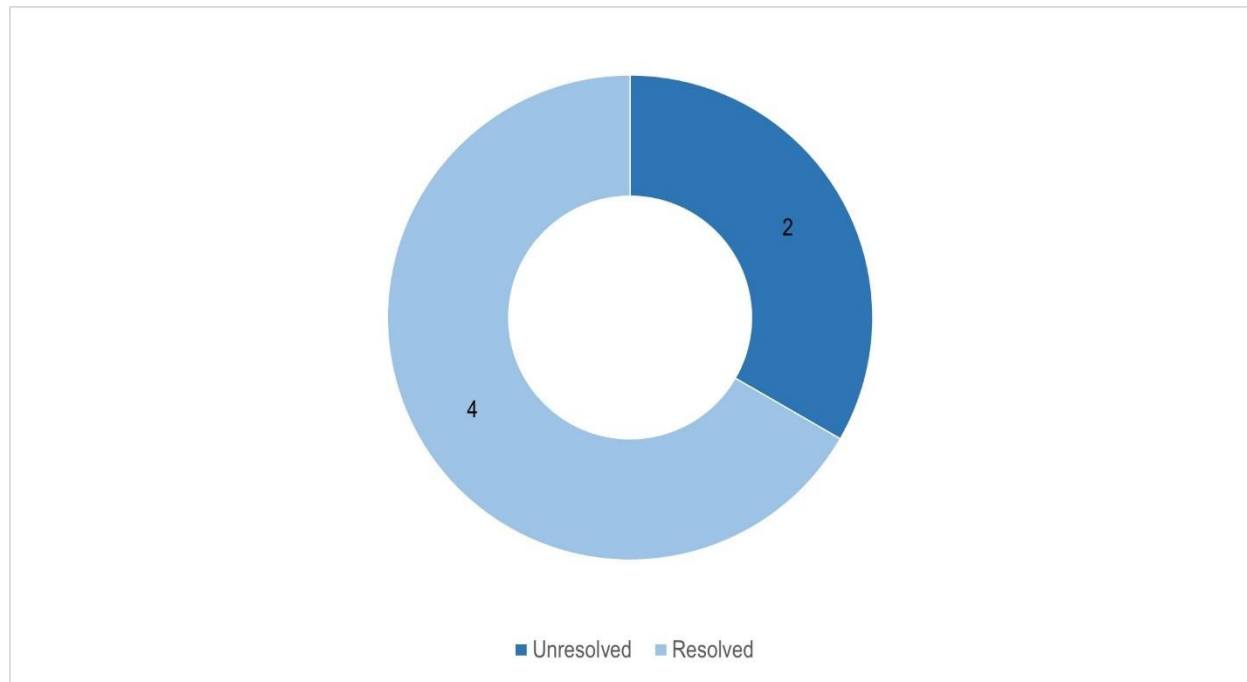
SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Seven exchange partners highlighted particular issues with respect to preparation and format of the information sent by the Turks and Caicos Islands (representing 10% of its partners). These generally related to errors of file validation (i.e. failed signature check) and record validation causing rejection of files. More generally, six (or 9%) of the Turks and Caicos Islands' exchange partners reported rejecting more

than 25% of files received, of which one partner reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a relatively high amount when compared to other jurisdictions, although it has reduced over time. It was noted that the Turks and Caicos Islands has still not yet addressed some of the issues, including some that arose some time ago. However, within the scope of developing a new AEOI portal in 2020, the Turks and Caicos Islands has reviewed its systems and procedures for sorting, preparing and validating the information to ensure it meets the requirements of the AEOI Standard. These issues should therefore be addressed for future exchange periods.

Figure 1. Technical issues raised by the Turks and Caicos Islands' exchange partners



Based on these findings it was concluded that the Turks and Caicos Islands is partially meeting expectations in relation to sorting, preparing and validating the information. More specifically, significant issues have been identified, including with respect to file and record validation and working with exchange partners to address the issues raised. The Turks and Caicos Islands should continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

The Turks and Caicos Islands should continue to work with its exchange partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the Turks and Caicos Islands linked to the Common Transmission System.

Based on these findings it was concluded that the Turks and Caicos Islands is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The Turks and Caicos Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Four exchange partners highlighted delays in the sending of information by the Turks and Caicos Islands (representing 6% of its partners). This represents a relatively high proportion of exchange partners, although it has improved significantly over time. It was noted that the development of a new AEOI portal in 2020 has resolved many of the previous concerns. However, the Turks and Caicos Islands was still significantly more delayed in sending information than other Assessed Jurisdictions. Furthermore, one partner stated that the information that should have been sent for Tax Year 2018 to 2020 has still not been received. The Turks and Caicos Islands explained that it was unable to send information in 2019 due to technical difficulties with its AEOI portal and that it is not possible to send information from prior periods. As mentioned above, a new AEOI portal was developed in 2020 and the Turks and Caicos Islands sent information to most of its exchange partners in 2020 and to all of its exchange partners in 2021.

Based on these findings it was concluded that, overall, the Turks and Caicos Islands is meeting expectations in relation to exchanging information in a timely manner. It was also noted that there is room for improvement with respect to sending information to all of its partners in a timely manner. The Turks and Caicos Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation including in relation to the area highlighted.

Recommendations:

The Turks and Caicos Islands should ensure that it sends information to all of its exchange partners in a timely manner.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Turks and Caicos Islands' exchange partners did not raise any concerns with respect to Turks and Caicos Islands' use of the agreed transmission methods and therefore with Turks and Caicos Islands' implementation of this requirement.

Based on these findings it was concluded that Turks and Caicos Islands is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Turks and Caicos Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that as the Turks and Caicos Islands exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The Turks and Caicos Islands appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the Turks and Caicos Islands' exchange partners and therefore with respect to the Turks and Caicos Islands' implementation of these requirements.

Based on these findings it was concluded that the Turks and Caicos Islands appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Turks and Caicos Islands is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Turks and Caicos Islands is pleased to be a committed partner in the exchange of information for tax purposes under the standard and is making a concerted effort to improve the processes and procedures in line with the standard on an equal footing. Resource challenges do exist with capacity, funding, technology and human resource administration. Reforms are ongoing to mitigate against risk and correct all deficiencies to adhere to all elements of the standard with automatic exchange.

Turks and Caicos Islands thanks the Secretariat and its teams of AEOI committees for the engagement and guidance with this AEOI processes. Additionally, TCI thanks its exchange partners for the support and cooperation. The TCI level of structure and organisation may not be comprehensive compared to a developed country's regime, however TCI made significant investment as a developing country to meet the exchange aim.

Notes

¹ Through a territorial extension by the United Kingdom.

² With the Isle of Man and the United Kingdom.

United Arab Emirates

This report analyses the implementation of the AEOI Standard in the United Arab Emirates with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The United Arab Emirates' legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the United Arab Emirates' domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the United Arab Emirates' Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The United Arab Emirates' implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). The United Arab Emirates is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: On Track

General context

The United Arab Emirates commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

The United Arab Emirates has a decentralised regulatory system to provide for Reporting Financial Institutions to collect and report the information to be exchanged. There are now six Regulatory Authorities specified by Cabinet Resolution No. (5/11) of 2020, with each Regulatory Authority of the United Arab Emirates having enacted rules to cover the entities they regulate. These are:

- The Central Bank (CB)- Notice No. 404/2016, amended on 20 August 2020;
- The Securities and Commodities Authority (SCA) - Decision of the Chairman of the SCA Board of Directors No. (25 / R.M) of 2017 Concerning the Issuance of Regulation for Common Standards to Prepare the Tax Reports, amended on 3 August 2020;
- The Insurance Authority (IA) - Insurance Authority Circular No. 34 issued on 9 September 2020;
- The Dubai International Finance Centre (DIFC) - Common Reporting Standard Law No. (2) of 2018 and the CRS Regulations of the Board of Directors of the DIFCA, amended on 30 July 2020;

- The Abu Dhabi Global Market (ADGM) - Common Reporting Standard Regulations 2017, amended on 24 June 2020; and
- Ministry of Finance (MoF) – CRS Guidance Notes issued in 2016, revised and reissued on 3 August 2020.

The United Arab Emirates also made reference to Federal Decree-law No. 20 of 2018 relating to anti-money laundering for the purposes of the identification of Controlling Persons under the AEOI Standard.

Centralised guidance was also issued by the Ministry of Finance. The Guidance and the aforementioned rules enacted by Regulatory Authorities are legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, the United Arab Emirates amended its legislative framework to address issues identified, the last of which was effective from 20 August 2020.

With respect to the exchange of information under the AEOI Standard, the United Arab Emirates is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in the United Arab Emirates that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the United Arab Emirates requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the United Arab Emirates' administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	204
Financial Accounts reported in 2021	539 920

Table 2 sets out the number of exchange partners to which information was successfully sent by the United Arab Emirates in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the United Arab Emirates' exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	43	53	68	70

In order to provide for the effective implementation of the AEOI Standard, in the United Arab Emirates:

- the Ministry of Finance has overarching responsibility for exchanging information with the United Arab Emirates' exchange partners; and has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions that are not supervised by certain other regulatory authorities. Those other regulatory authorities with responsibility for the effective implementation by Reporting Financial Institutions subject to their supervision are the Central Bank, the Insurance Authority, the Securities and Commodities Authority, the Abu Dhabi Global Markets Regulatory Authority and the Dubai International Financial Centre Regulatory Authority;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through the UAE Data Exchange Portal; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the United Arab Emirates' legal frameworks implementing the AEOI Standard concluded with the determination that the United Arab Emirates' domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the United Arab Emirates' implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the United Arab Emirates are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The United Arab Emirates' domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The United Arab Emirates has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is consistent with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The United Arab Emirates has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The United Arab Emirates has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The United Arab Emirates has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The United Arab Emirates' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the United Arab Emirates' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the United Arab Emirates and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The United Arab Emirates has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The United Arab Emirates put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The United Arab Emirates' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the United Arab Emirates are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The United Arab Emirates' implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The United Arab Emirates is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;

- iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the United Arab Emirates implemented all of the requirements in accordance with expectations. The key findings were as follows:

- The United Arab Emirates has implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that takes into account a range of relevant information sources, such as information held by regulators and other government entities, reported data and peer notifications. The United Arab Emirates has prepared a Compliance Programme Guide setting out the detailed procedures that each regulator responsible for implementing the AEOI Standard must follow and has put in place a committee with representatives of all regulators, to ensure effective cooperation between the authorities. The compliance strategy facilitates compliance and incorporates a credible approach to enforcement, and the United Arab Emirates intends to keep such compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- The United Arab Emirates has worked to understand its population of Financial Institutions, including relevant non-regulated entities, with each regulatory authority utilising information from its list of supervised entities and the Ministry of Finance combining those lists for an overall view. The Foreign Financial Institution list for FATCA purposes and records held by the Ministry of Finance for other purposes are also checked. The United Arab Emirates requires nil reporting and the regulatory authorities have taken action to monitor and follow up on failures to report and the reasons for nil reporting by some Reporting Financial Institutions. The United Arab Emirates intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institutions responsible for implementing the United Arab Emirates' compliance strategy appear to have the necessary powers and resources to discharge their functions. With respect to resourcing, the Ministry of Finance and each of the regulatory authorities of the United Arab Emirates has assigned the equivalent of 1-2 full time staff who are required to have specified skills and experience, to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments.
- It appears that the regulatory authorities have procedures in place to effectively enforce the requirements for regulated Financial Institutions, such as the carrying out of desk audits and onsite reviews, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties or sanctions. Each regulatory authority has carried out desk audits or onsite reviews, or both. It also appears that the United Arab Emirates is ready to take effective action to address circumvention of the requirements if such circumvention is detected,

and that action is being taken to follow up on undocumented accounts. The regulatory authorities have commenced checks to ensure self-certifications are obtained as required.

- It is noted that the United Arab Emirates does not have a jurisdiction-specific list of Non-Reporting Financial Institutions or Excluded Accounts for ongoing monitoring.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The United Arab Emirates has carried out substantial communication and outreach activities, such as publishing and frequently updating guidance, conducting workshops and providing training.
Verifying that Financial Institutions are reporting as required	The United Arab Emirates has carried out verification activities to ensure that Financial Institutions are reporting as required, through reviews by the responsible regulators. The reviews to date have identified some Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	The regulatory authorities in the United Arab Emirates have carried out a substantial number of both desk-based checks and onsite visits to verify whether the information being reported is complete and accurate. It accordingly has identified some issues, commonly concerning failures to obtain self-certifications, Reportable Accounts reported with incorrect information or not reported at all.
Enforcement	Following the activities mentioned above, the United Arab Emirates has imposed sanctions for non-filing and failures to carry the required due diligence. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by the United Arab Emirates, the presence of the key data point of dates of birth and the level of undocumented accounts appeared to be in line with most other jurisdictions, it was found to include a much lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions.

Feedback from the United Arab Emirates' exchange partners indicated that, compared to what they generally experience when seeking to match information received from their exchange partners with their taxpayer database, they achieved a relatively lower level of success when seeking to match information received from the United Arab Emirates. Furthermore, five exchange partners highlighted issues with respect to the information received having low rates of valid Tax Identification Numbers. Follow-up discussions confirmed that the United Arab Emirates is aware of these issues and is taking action to address them.

Based on these findings it was concluded that, overall, the United Arab Emirates is meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. It was also noted that there is room for improvement with respect to addressing the issues raised by exchange partners. The United Arab Emirates is therefore encouraged to continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

The United Arab Emirates should continue to address the issues raised by its exchange partners.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and

- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as the United Arab Emirates exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

In order to collaborate on compliance and enforcement, the United Arab Emirates implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. In particular, the United Arab Emirates received a notification from one partner, which it investigated and subsequently provided a response to the partner.

Based on these findings it was concluded that the United Arab Emirates is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The United Arab Emirates is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

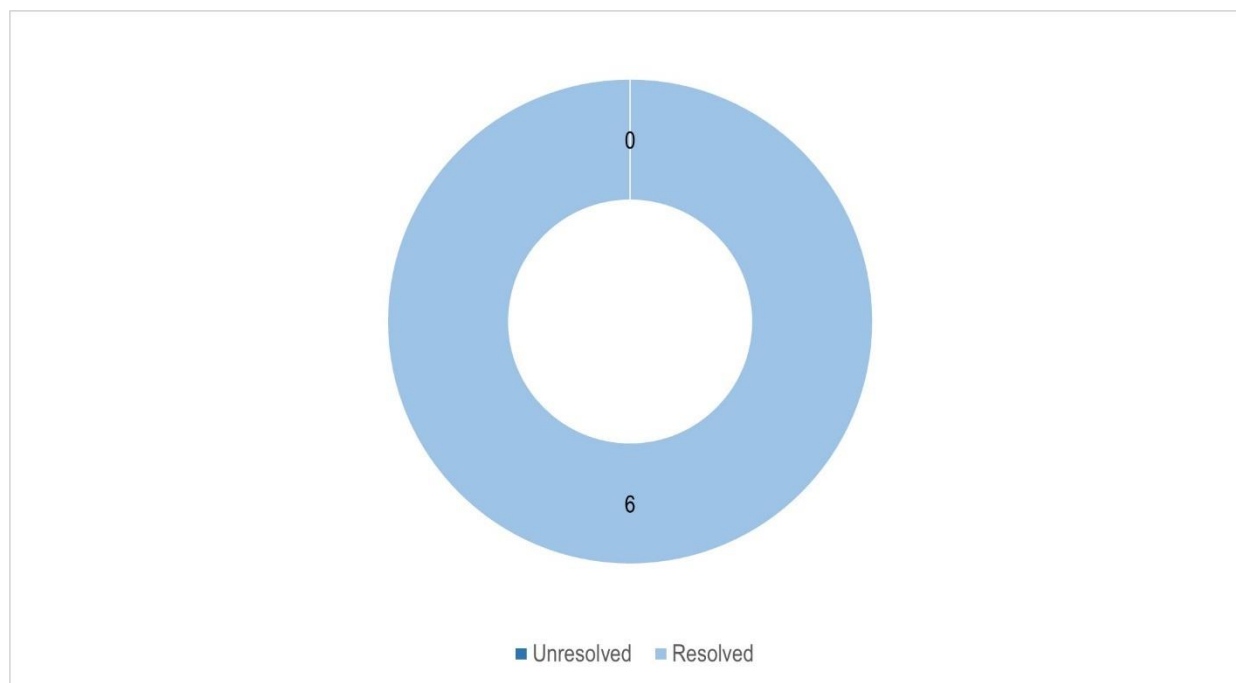
The United Arab Emirates' implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the information (SR 2.8) have not been assessed as the United Arab Emirates exchanges information non-reciprocally, so does not receive information. The United Arab Emirates has shown improvement over time and is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Six exchange partners highlighted particular issues with respect to preparation and format of the information sent by the United Arab Emirates (representing 9% of its partners). These generally related to decryption errors. More generally, 12 (or 17%) of the United Arab Emirates' exchange partners reported rejecting more than 25% of the files received, of which 3 (or 4%) reported rejecting more than 50% of files received, due to the technical requirements not being met. This is a very high amount when compared to other jurisdictions, although it has reduced over time. It was noted that the United Arab Emirates has already successfully addressed all of the issues raised.

Figure 1. Technical issues raised by the United Arab Emirates' exchange partners



Based on these findings it was concluded that, overall, the United Arab Emirates is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to the original preparation of files. The United Arab Emirates should continue its implementation process accordingly, including by addressing the recommendation made.

Recommendations:

The United Arab Emirates should review its systems and procedures to sort, prepare and validate the information to ensure they meet the requirements of the AEOI Standard.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the United Arab Emirates linked to the CTS.

Based on these findings it was concluded that the United Arab Emirates is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The United Arab Emirates is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from the United Arab Emirates' exchange partners did not raise any concerns with respect to timeliness of the exchanges by the United Arab Emirates and therefore with respect to the United Arab Emirates' implementation of this requirement.

Based on these findings it was concluded that the United Arab Emirates is fully meeting expectations in relation to exchanging the information in a timely manner. The United Arab Emirates is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the United Arab Emirates' exchange partners did not raise any concerns with respect to the United Arab Emirates' use of the agreed transmission methods and therefore with the United Arab Emirates' implementation of this requirement.

Based on these findings it was concluded that the United Arab Emirates is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The United Arab Emirates is therefore encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as the United Arab Emirates exchanges information on a non-reciprocal basis and does not receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable.

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The United Arab Emirates appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the United Arab Emirates' exchange partners and therefore with respect to the United Arab Emirates' implementation of these requirements.

Based on these findings it was concluded that the United Arab Emirates appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The United Arab Emirates is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

United Kingdom

This report analyses the implementation of the AEOI Standard in the United Kingdom with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

The United Kingdom's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes the United Kingdom's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of the United Kingdom's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

The United Kingdom's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2).

Overall rating in relation to the effectiveness in practice: On Track
--

General context

The United Kingdom commenced exchanges under the AEOI Standard in 2017.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, the United Kingdom:

- enacted Section 222 of the Finance Act 2013;
- introduced the International Tax Compliance Regulations 2015 as amended by Statutory Instruments 1839 of 2015, 899 of 2016, 598 of 2017, 490 of 2018, 881 of 2019 and 438 of 2020; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2016. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2016 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2017.

Following the initial Global Forum peer review, the United Kingdom made various amendments to its legislative framework to address issues identified, the last of which was effective from 13 May 2020.

With respect to the exchange of information under the AEOI Standard, the United Kingdom:

- is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2017;
- has in place European Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Directive 2014/107/EU;
- has in place European Union agreements with five European third countries¹; and
- put in place 12 bilateral agreements.²

Table 1 sets out the number of Financial Institutions in the United Kingdom that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially, because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that the United Kingdom requires the reporting of Financial Accounts based on a prescribed list of exchange partners and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of the United Kingdom's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	4 623
Financial Accounts reported in 2021	8 185 190

Table 2 sets out the number of exchange partners to which information was successfully sent by the United Kingdom in the past few years (including where the necessary frameworks were in place containing an obligation on Reporting Financial Institutions to report information but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to the United Kingdom's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	62	68	70	72

In order to provide for the effective implementation of the AEOI Standard, in the United Kingdom:

- Her Majesty's Revenue and Customs (HMRC, the tax authority), has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with the United Kingdom's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by HMRC where a dedicated reporting portal has been set up to enable Financial Institutions to submit AEOI reports by manual entry or by uploading an XML file; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of the United Kingdom's legal frameworks implementing the AEOI Standard concluded with the determination that the United Kingdom's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of the United Kingdom's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for the United Kingdom are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

The United Kingdom's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

The United Kingdom has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

The United Kingdom has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

The United Kingdom has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

The United Kingdom has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

The United Kingdom's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of the United Kingdom's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from the United Kingdom and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

The United Kingdom has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

The United Kingdom put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

The United Kingdom's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for the United Kingdom are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

The United Kingdom's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). The United Kingdom is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, the United Kingdom implemented all of the requirements in accordance with expectations. The key findings were as follows:

- The United Kingdom implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as the AEOI returns submitted by the Financial Institutions, other information held about the Financial Institutions (from both internal and external sources), including their compliance history, information from Customer Compliance Managers, a Banking Trade Sector adviser, and Audit Specialists who are trained in governance and risk management.
- The United Kingdom's compliance strategy facilitates compliance through a high level of communication and engagement with Financial Institutions and incorporates a credible approach to enforcement. The United Kingdom intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- The United Kingdom has worked effectively to understand its population of Financial Institutions, utilising various relevant information sources, such as the lists of regulated entities, the list of Foreign Financial Institutions for FATCA purposes and the trusts register to identify non-regulated entities that are Financial Institutions for the purpose of the AEOI Standard. The United Kingdom takes action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. The United Kingdom intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing the United Kingdom's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, the United Kingdom has assigned the equivalent of 22 full time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. With respect to the compliance activities, the primary risk identifier is the AEOI returns from Financial Institutions, which are monitored by IT systems and case workers. Checks include reporting a high number of undocumented accounts, reporting of entities as individuals and vice versa, and missing information. Overall, the United Kingdom appears to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that the United Kingdom effectively verifies and enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. It also appears that effective action is taken to address the circumvention of the requirements, ensure self-certifications are obtained as required and to follow up on undocumented accounts.
- The United Kingdom will also keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	The United Kingdom has carried out substantial communication and outreach activities, such as publishing guidance, holding face-to-face events and webinars for Financial Institutions, regular meetings with stakeholders to provide updates and ongoing assistance through a helpline.
Verifying that Financial Institutions are reporting as required	The United Kingdom has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as sending compliance questionnaires and holding remote discussions with Financial Institutions that are considered likely to need to report information. It has identified many Financial Institutions incorrectly not reporting and is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	The United Kingdom has conducted a significant number of desk-based checks to verify whether the information being reported is complete and accurate. Onsite visits were not possible due to the pandemic. The United Kingdom has conducted a significant number of in-depth audits. It accordingly identified many issues, commonly concerning Reportable Accounts for which information was not reported and Reportable Accounts for which information was reported incorrectly. It is following up on these issues with a view to ensuring future compliance.
Enforcement	Following the activities mentioned above, the United Kingdom has imposed a substantial number of penalties and sanctions. It is monitoring the impact of these penalties and sanctions with a view to ensuring future compliance.

In terms of the Financial Account information collected and sent by the United Kingdom, the presence of the dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. However, it was found to include a significantly lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Follow-up discussions confirmed that the United Kingdom is aware of these issues and is taking steps to address them. More generally, many of the exchange partners that received a significant number of records from the United Kingdom indicated that they achieved a success rate when matching the information received from the United Kingdom with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that the United Kingdom is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. The United Kingdom is therefore encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

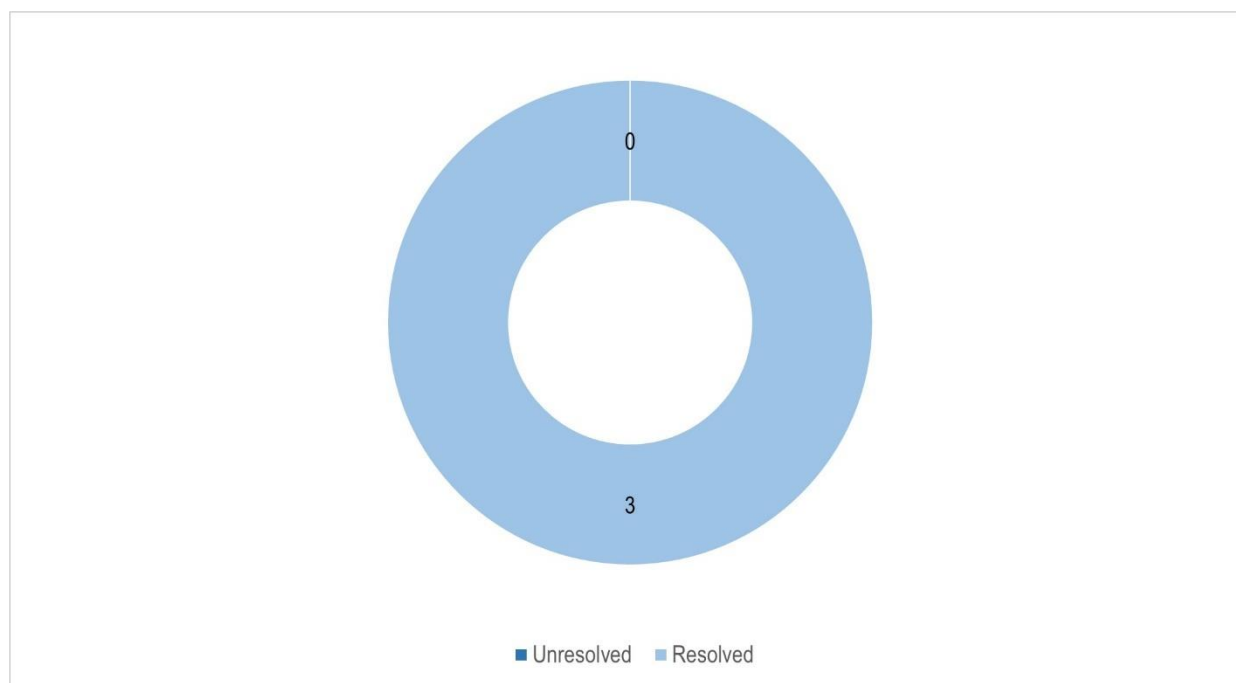
- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that the United Kingdom implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent)

in accordance with expectations. In particular, the United Kingdom received notifications from three partners and successfully processed them in a timely manner, resolving the issues raised. The United Kingdom also notifies its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Figure 1. Notifications received



Based on these findings it was concluded that the United Kingdom is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. The United Kingdom is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On track

The United Kingdom's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). The United Kingdom is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from the United Kingdom's exchange partners did not raise any specific concerns with respect to their ability to process the information received from the United Kingdom and therefore with respect to the United Kingdom's implementation of these requirements. More generally, one of the United Kingdom's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met. This is broadly in line with the general experience of other jurisdictions. It was noted that the United Kingdom has already successfully addressed the issue.

Based on these findings it was concluded that the United Kingdom is fully meeting expectations in relation to sorting, preparing and validating the information. The United Kingdom is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, the United Kingdom linked to the CTS.

Based on these findings it was concluded that the United Kingdom is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. The United Kingdom is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Four exchange partners highlighted delays in the sending of information by the United Kingdom (representing 5% of its partners). This represents a relatively high proportion of exchange partners. It was noted that The United Kingdom successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that the United Kingdom is fully meeting expectations in relation to exchanging the information in a timely manner. The United Kingdom is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from the United Kingdom's exchange partners did not raise any concerns with respect to the United Kingdom's use of the agreed transmission methods and therefore with the United Kingdom's implementation of this requirement.

Based on these findings it was concluded that the United Kingdom is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. The United Kingdom is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Ten exchange partners highlighted delays in the sending of status messages by the United Kingdom, representing 9% of its partners. This represents a relatively high proportion of partners. The United Kingdom has still not yet sent some of the status messages due to be sent in 2021.

Based on these findings it was concluded that, overall, the United Kingdom is meeting expectations in relation to the receipt of the information. It was also noted that there is room for improvement with respect to the timeliness as regards sending status messages. The United Kingdom is encouraged to continue to ensure the ongoing effectiveness of its implementation, including by addressing the recommendation made.

Recommendations:

The United Kingdom should ensure it sends status messages to all of its exchange partners in a timely manner.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

The United Kingdom appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by the United Kingdom's exchange partners and therefore with respect to the United Kingdom's implementation of these requirements.

Based on these findings it was concluded that the United Kingdom is fully meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. The United Kingdom is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Notes

¹ Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

² With Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, Hong Kong (China), the Isle of Man, Jersey, Montserrat, Qatar, Singapore and the Turks and Caicos Islands. The United Kingdom has also activated a relationship under the CRS MCAA with Qatar.

Uruguay

This report analyses the implementation of the AEOI Standard in Uruguay with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Uruguay's legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Uruguay's international legal framework to exchange the information with all of Uruguay's Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has a deficiency significant to the proper functioning of an element of the AEOI Standard. More specifically, the rules to prevent persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures are insufficient in scope.

Overall determination on the legal framework: In Place But **Needs Improvement**

Effectiveness of AEOI in practice

Uruguay's implementation of the AEOI Standard is on track with respect to the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. This includes ensuring Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1) and exchanging the information in an effective and timely manner (CR2). Uruguay is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Overall rating in relation to the effectiveness in practice: **On Track**

General context

Uruguay commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Uruguay:

- amended Law N° 19.484;
- enacted Decree 77/017, as amended by Decree N° 243/2018 and Decree N° 74/022;
- enacted DGI Resolution N° 6396/2017 of 25 September 2017;
- published Frequently Asked Questions, which are not legally binding; and
- made reference to Law 19.484 for purposes of the identification of Controlling Persons under the AEOI Standard.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts,

Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Uruguay made various amendments to its legislative framework to address issues identified, the last of which was effective from 3 March 2022.

With respect to the exchange of information under the AEOI Standard, Uruguay is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Uruguay that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Uruguay requires the reporting of Financial Accounts held by all non-residents and domestic residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Uruguay's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	72
Financial Accounts reported in 2021	275 462

Table 2 sets out the number of exchange partners to which information was successfully sent by Uruguay in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Uruguay's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	59	67	70	74

In order to provide for the effective implementation of the AEOI Standard, in Uruguay:

- the General Taxation Directorate (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Uruguay's exchange partners;
- technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place by providing an online portal to file reports; and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Uruguay's legal frameworks implementing the AEOI Standard concluded with the determination that Uruguay's domestic legal framework is In Place But Needs Improvement and its international legal framework is In Place. This has been taken into account when reviewing the effectiveness of Uruguay's implementation of the AEOI Standard in practice and where

particular identified gaps in Uruguay's legal frameworks directly impact its implementation in practice, these are mentioned below.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Uruguay are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
--

Uruguay's domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in one area relating to the framework to enforce the requirements (SR 1.4). More specifically, the rules in Uruguay's legislative framework to prevent persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures are insufficient in scope as they do not cover all relevant persons and circumstances.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Uruguay has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Uruguay has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Uruguay has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Uruguay has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. More specifically, Uruguay's legislative framework does not include rules to prevent all relevant persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures as required. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Uruguay should amend its domestic legislative framework to include rules to prevent all Financial Institutions, persons and intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures, rather than just those on whom the AEOI Standard imposes an obligation.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Uruguay's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Uruguay's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Uruguay and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Uruguay has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Uruguay put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Uruguay's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

No comments made.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Uruguay are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: On Track

Uruguay's implementation of the AEOI Standard is on track with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures and are therefore reporting complete and accurate information. This includes ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with exchange partners to ensure effectiveness (SR 1.6). Uruguay is encouraged to continue its implementation process to ensure its ongoing effectiveness.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;

- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Uruguay implemented all of the requirements in accordance with expectations. The key findings were as follows:

- Uruguay implemented an overarching strategy to ensure compliance with the AEOI Standard developed after conducting a risk assessment that took into account a range of relevant information sources, such as tax compliance performance and questionnaire responses. Uruguay's compliance strategy facilitates compliance and incorporates a credible approach to enforcement. Uruguay intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis.
- Uruguay has worked effectively to understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as business activity information in its tax records, contacting financial intermediaries, and cross-checking against the Foreign Financial Institution list for FATCA purposes. Uruguay is taking action to ensure that Reporting Financial Institutions are classifying themselves correctly under its domestic rules and reporting information as required. Uruguay intends to keep its understanding of its Financial Institution population up to date on a routine basis.
- The institution responsible for implementing Uruguay's compliance strategy appears to have the necessary powers and resources to discharge its functions. With respect to resourcing, Uruguay has assigned the equivalent of 3 full time and 13 part time staff to monitor and ensure compliance by Reporting Financial Institutions, which have access to IT systems and tools to conduct risk assessments. Overall, they appear to have effectively implemented an operational plan to verify compliance with the requirements, incorporating appropriate compliance activities.
- It appears that Uruguay effectively enforces the requirements, including through the inspection of records of Reporting Financial Institutions and the application of dissuasive penalties and sanctions for non-compliance. Uruguay has conducted six verification audits and two onsite audits and plan to conduct more audits. During the verification audits Uruguay has taken an effective action to ensure self-certifications are obtained as required and to follow up on undocumented accounts. Uruguay has a plan to follow up in cases of circumvention involving Financial Institutions, although it is unclear whether it is able to take effective action to address circumvention of the requirements, by requiring the correct information to be reported in all circumstances where circumvention is detected. This reflects its lack of a legal basis to prevent persons or intermediaries, other than Financial Institutions, from adopting practices intended to circumvent the reporting and due diligence procedures.
- Uruguay has developed plans or procedures to keep its jurisdiction-specific lists of Non-Reporting Financial Institutions and Excluded Accounts under review to ensure they continue to pose a low risk of being used for tax evasion purposes.

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Uruguay has carried out some communication and outreach activities including through providing training, answers to Frequently Asked Questions and email support.
Verifying that Financial Institutions are reporting as required	Uruguay has carried out substantial verification activities to ensure that Financial Institutions are reporting as required, such as requiring and enforcing registration and filing requirements, and it has identified several Financial Institutions incorrectly not reporting. It is following up on these issues with a view to ensuring future compliance.
Verifying whether the information reported is complete and accurate	Uruguay has conducted some desk-based checks to verify whether the information being reported is complete and accurate. Furthermore, Uruguay has conducted two onsite visits and it plans to conduct more of these activities in the future. It accordingly identified some issues, such as the lack of robust risk management frameworks, and deficiencies in the policies and criteria for the reporting of Financial Account information. Uruguay is following up on these issues to ensure correct reporting in the future.
Enforcement	Following the activities mentioned above, Uruguay has imposed some penalties and sanctions with a view to ensuring ongoing compliance.

With respect to the Financial Account information collected and sent by Uruguay, the presence of the key data points of the Tax Identification Numbers and dates of birth appeared to be in line with most other jurisdictions, as did the level of undocumented accounts. More generally, many of the exchange partners that received a significant number of records from Uruguay indicated that they achieved a success rate when matching the information received from Uruguay with their taxpayer database that was broadly equivalent to, or better than, what they usually achieve.

Based on these findings it was concluded that Uruguay is fully meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. Uruguay is encouraged to continue its implementation process accordingly.

Recommendations:

No recommendations made.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

Findings:

In order to collaborate on compliance and enforcement, it appears that Uruguay implemented all of the requirements in relation to issues notified to them (i.e. under Section 4 of the MCAA or equivalent) in accordance with expectations. While no such notifications have yet been received, Uruguay has the necessary systems and procedures to process them as required. It also appears that Uruguay will notify its partners effectively of errors or suspected non-compliance it identifies when utilising the information received.

Based on these findings it was concluded that Uruguay is fully meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct

the due diligence and reporting procedures. Uruguay is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Uruguay's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice, including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.8) and providing corrections, amendments or additions to the information (SR 2.9). Uruguay is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Uruguay's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Uruguay and therefore with respect to Uruguay's implementation of these requirements. More generally, 1 of Uruguay's exchange partners reported rejecting more than 50% of the files received due to the technical requirements not being met. This is a low amount when compared to other jurisdictions. It was noted that Uruguay has contacted the exchange partner to address the issue.

Based on these findings it was concluded that, Uruguay is fully meeting expectations in relation to sorting, preparing and validating the information. Uruguay is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

Recommendations:

No recommendations made.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Uruguay linked to the CTS.

Based on these findings it was concluded that Uruguay is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Uruguay is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Feedback from Uruguay's exchange partners did not raise any concerns with respect to timeliness of the exchanges by Uruguay and therefore with respect to Uruguay's implementation of this requirement.

Based on these findings it was concluded that Uruguay is fully meeting expectations in relation to exchanging the information in a timely manner. Uruguay is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Uruguay's exchange partners did not raise any concerns with respect to Uruguay's use of the agreed transmission methods and therefore with Uruguay's implementation of this requirement.

Based on these findings it was concluded that Uruguay is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Uruguay is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Findings:

Feedback from Uruguay's exchange partners did not raise any concerns with respect to Uruguay's receipt of the information and therefore with Uruguay's implementation of these requirements.

Based on these findings it was concluded that Uruguay is fully meeting expectations in relation to the receipt of the information. Uruguay is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

Uruguay appears ready to respond to notifications and to provide corrected, amended or additional information in a timely manner and no such concerns were raised by Uruguay's exchange partners and therefore with respect to Uruguay's implementation of these requirements.

Based on these findings it was concluded that Uruguay appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Uruguay is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

No comments made.

Vanuatu

This report analyses the implementation of the AEOI Standard in Vanuatu with respect to the requirements of the AEOI Terms of Reference. It assesses both the legal frameworks put in place to implement the AEOI Standard and the effectiveness of the implementation of the AEOI Standard in practice.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Overall findings

AEOI legal framework

Vanuatu's legal framework implementing the AEOI Standard is in place and is consistent with the requirements of the AEOI Terms of Reference. This includes Vanuatu's domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) and its international legal framework to exchange the information with all of Vanuatu's Interested Appropriate Partners (CR2).

Overall determination on the legal framework: In Place

Effectiveness of AEOI in practice

Vanuatu's implementation of the AEOI Standard is not compliant with the requirements of the AEOI Terms of Reference to ensure the effectiveness of the AEOI Standard in practice. While Vanuatu is on track with respect to exchanging the information in an effective and timely manner (CR2), there are fundamental issues with respect to ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures (CR1).

Overall rating in relation to the effectiveness in practice: Non-Compliant

General context

Vanuatu commenced exchanges under the AEOI Standard on a non-reciprocal basis in 2018 (i.e. it sends but does not receive information).

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Vanuatu:

- enacted International Tax Cooperation Act No. 7 of 2016 that was subsequently replaced by Tax Administration Act No. 37 of 2018 (with full effect from 1 January 2020);
- introduced Automatic Exchange of Information Regulations Order No. 76 of 2017 that was subsequently replaced by the Tax Administration Regulation Order No. 154 of 2019 (with full effect from 1 January 2020), as amended with effect from 14 September 2020; and
- issued further guidance, which is not legally binding.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 30 June 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value

Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

Following the initial Global Forum peer review, Vanuatu made various amendments to its legislative framework to address issues identified, the last of which was effective from 14 September 2020.

With respect to the exchange of information under the AEOI Standard, Vanuatu is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Table 1 sets out the number of Financial Institutions in Vanuatu that reported information on Financial Accounts in 2021 as defined in the AEOI Standard (essentially because they maintained Financial Accounts for Account Holders, or that were related to Controlling Persons, resident in a Reportable Jurisdiction). It also sets out the number of Financial Accounts that they reported in 2021. In this regard, it should be noted that Vanuatu requires the reporting of Financial Accounts held by all non-residents and some accounts may be required to be reported more than once (e.g. jointly held accounts or accounts with multiple related Controlling Persons), which is reflected in the figures below. These figures provide key contextual information to the development and implementation of Vanuatu's administrative compliance strategy, which is analysed in the subsequent sections of this report.

Table 1. Number of Financial Institutions reporting and Financial Accounts reported

	Number
Financial Institutions reporting Financial Accounts in 2021	40
Financial Accounts reported in 2021	277 448

Table 2 sets out the number of exchange partners to which information was successfully sent by Vanuatu in the past few years (including where the necessary frameworks were in place, containing an obligation on Reporting Financial Institutions to report information, but no relevant Reportable Accounts were identified). These figures provide key contextual information in relation to Vanuatu's exchanges in practice, which is also analysed in subsequent sections of this report.

Table 2. Number of exchange partners to which information was successfully sent

	2018	2019	2020	2021
Number of exchange partners to which information was successfully sent	20	42	53	53

In order to provide for the effective implementation of the AEOI Standard, in Vanuatu:

- the Director of Customs and Inland Revenue (the tax authority) has the responsibility to ensure the effective implementation of the due diligence and reporting obligations by Reporting Financial Institutions and for exchanging the information with Vanuatu's exchange partners;
- the technical solutions necessary to receive and validate the information reported by Reporting Financial Institutions were put in place through an online portal (the Multi Data Exchange Solution); and
- the Common Transmission System (CTS) is used for the exchange of the information, along with the associated file preparation and encryption requirements.

It should be noted that the review of Vanuatu's legal frameworks implementing the AEOI Standard concluded with the determination that Vanuatu's domestic and international legal frameworks are In Place. This has been taken into account when reviewing the effectiveness of Vanuatu's implementation of the AEOI Standard in practice.

Findings and conclusions on the legal frameworks

The detailed findings and conclusions on the AEOI legal frameworks for Vanuatu are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place

Vanuatu's domestic legislative framework is in place and contains all of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (SRs 1.1 – 1.3). It also provides for a framework to enforce the requirements (SR 1.4).

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Findings:

Vanuatu has defined the scope of Reporting Financial Institutions in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Findings:

Vanuatu has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Findings:

Vanuatu has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Findings:

Vanuatu has a legislative framework in place to enforce the requirements in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Vanuatu's international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Vanuatu's Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Vanuatu and that meet the required standard in relation to confidentiality and data safeguards) (SRs 2.1 – 2.3).

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Findings:

Vanuatu has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Findings:

Vanuatu put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Findings:

Vanuatu's exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of its legal frameworks

Vanuatu thanks the Global Forum and its staff for the assistance and support given to us to ensure that Vanuatu's legal framework is in place.

Vanuatu is committed to meeting our international obligations and will work with the Global Forum into the future to ensure our framework stays compliant with international best practice.

Findings and conclusions in relation to effectiveness in practice

The detailed findings and conclusions in relation to effectiveness in practice of AEOI for Vanuatu are below, organised per Core Requirement (CR) and then per sub-requirement (SR) as extracted from the AEOI Terms of Reference (see Annex C).

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS.

Rating: Non-Compliant

Vanuatu's implementation of the AEOI Standard is non-compliant with respect to ensuring that Reporting Financial Institutions are correctly conducting the due diligence and reporting procedures. More specifically, there are fundamental issues in relation to Vanuatu ensuring effectiveness in a domestic context, such as through having an effective administrative compliance framework and related procedures (SR 1.5), and collaborating with its exchange partners to ensure effectiveness (SR 1.6). Vanuatu should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance, conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain; and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax; and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.

Findings:

In order to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, Vanuatu implemented some of the requirements in accordance with expectations. However, fundamental issues were identified. The key findings were as follows:

- Vanuatu has developed a high-level compliance strategy to ensure that Financial Institutions correctly implement the requirements under the AEOI Standard. It has carried out education and outreach activities, such as issuing guidance documents and organising workshops, to ensure that Financial Institutions understand their obligations. However, Vanuatu is still in the process of translating its strategy into a comprehensive plan to ensure compliance in practice. There also does not appear to be a formalised plan or activity undertaken to ensure that the interaction between Vanuatu's AEOI and AML frameworks always results in reporting in accordance with the AEOI Standard.
- Vanuatu has identified some risks based on internal information sources and taken action to address those risks but has not yet fully developed its risk assessment processes.
- Vanuatu has worked to effectively understand its population of Financial Institutions, including relevant non-regulated entities, utilising various relevant information sources, such as the Foreign Financial Institution list for FATCA purposes and the Vanuatu Financial Services Commission's company registers. Vanuatu has taken some actions to ensure Reporting Financial Institutions are categorising themselves correctly under its domestic rules and reporting information as required through sending follow-up letters to Financial Institutions to ensure they report information.
- Vanuatu's Exchange of Information Unit at the Customs and Inland Revenue appears to have the necessary powers to discharge its functions. With respect to resourcing, Vanuatu has assigned the equivalent of two full time staff to monitor and ensure compliance by Reporting Financial Institutions. Furthermore, several part-time staff from other divisions are currently undergoing training to assist with future onsite visits and to maintain the IT systems.
- Vanuatu conducted some reviews by which information from Reporting Financial Institutions, including formal statements of compliance, were requested. Vanuatu has also provided guidance on record-keeping. However, Vanuatu has not yet carried out activities to verify compliance by Reporting Financial Institutions and effectively address non-compliance when identified. Vanuatu has plans to carry out verification activities, including desk-based and onsite audits of Reporting Financial Institutions. However, these plans are not fully developed, including in relation to planned activity to review self-certification procedures and to follow up on undocumented accounts. Furthermore, while Vanuatu outlined an overall approach with respect to addressing circumvention of the AEOI Standard by Reporting Financial Institutions, persons, or intermediaries, it does not yet have complete procedures in place. Vanuatu also does not have procedures in place to apply penalties and sanctions for non-compliance when it is identified.
- Vanuatu does not seem to have a plan to keep its jurisdiction-specific list of Non-Reporting Financial Institutions under review (it does not have a jurisdiction-specific list of Excluded Accounts).

Table 3 provides a summary of the specific activities undertaken, or that are planned to be undertaken, in relation to each of the key parts of the framework described above.

Table 3. Activities undertaken

Activity type	Activities undertaken
Communication and outreach	Vanuatu has carried out some communication and outreach activities, such as providing updated AEOI compliance material for stakeholders, sending letters to international companies to explain the record keeping requirements, and updating guidance materials in accordance with the areas of concern identified.
Verifying that Financial Institutions are reporting as required	Vanuatu has carried out some verification activities to ensure that Financial Institutions are reporting as required, such as comparing information from the Foreign Financial Institution list for FATCA purposes and the Vanuatu Financial Services Commission's company registers and sending letters to entities which indicated that they were considered as potential Financial Institutions for the purpose of the AEOI Standard. Vanuatu identified some Financial Institutions incorrectly not reporting.
Verifying whether the information reported is complete and accurate	Vanuatu has conducted some desk-based checks on record keeping, although this has not included directly verifying the records or verifying whether the information being reported is complete and accurate. There are some high-level plans to do so in the near future. Vanuatu has not yet conducted in-depth audits or onsite visits and does not yet have clear plans to do so in the near future. It accordingly identified no issues.
Enforcement	Following the activities mentioned above, Vanuatu has not yet imposed any penalties and sanctions, and does not yet have clear plans to do so in the near future.

In terms of the Financial Account information collected and sent by Vanuatu, it was found to include a lower proportion of Tax Identification Numbers with respect to the individuals associated with the accounts when compared to most other jurisdictions. Furthermore, while the collection and reporting of dates of birth is generally higher across jurisdictions, Vanuatu nevertheless reported a much lower rate of collection of dates of birth when compared to other jurisdictions. These are key data points for exchange partners to effectively utilise the information. Vanuatu was not able to confirm that it collects and monitors information on the number of undocumented accounts reported by its Reporting Financial Institutions. This information is crucial to implementing the requirement to follow up on undocumented accounts.

Feedback was also received from Vanuatu's exchange partners indicating that, compared to what they generally experience in relation to the information received from all of their exchange partners, they achieved a relatively low level of success when seeking to match information received from Vanuatu with their taxpayer database. Furthermore, two exchange partners highlighted issues with respect to the information received, such as missing or invalid Tax Identification Numbers and missing Dates of Birth.

Based on these findings it was concluded that Vanuatu is not meeting expectations in ensuring that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures, including by having in place the required administrative compliance framework and related procedures. More specifically, fundamental issues have been identified, including with respect to Vanuatu's compliance and enforcement strategy, the risk assessment, and the activities to verify that the information reported is complete and accurate, including with respect to self-certifications and undocumented accounts. Vanuatu should therefore continue its implementation process accordingly, including by addressing the recommendations made.

Recommendations:

Vanuatu should further develop and implement an overarching compliance plan, informed by a risk assessment, to underpin its compliance activities.

Vanuatu should expand the scope of its risk assessment process to cover all relevant risks to the effectiveness of its implementation of the AEOI Standard.

Vanuatu should put in place and implement effective verification and enforcement mechanisms to identify and address non-compliance by Reporting Financial Institutions and take enforcement action when non-

compliance is identified, including monitoring the interaction between its AML framework and its CRS framework to ensure that the collection and reporting of information is always in accordance with the AEOI Standard.

Vanuatu should implement systems to collect and monitor information on undocumented accounts to inform its compliance strategy and should develop and implement a clearly defined policy to follow up where undocumented accounts are reported by the Reporting Financial Institutions.

Vanuatu should further develop and implement effective procedures to monitor and verify whether Reporting Financial Institutions are obtaining valid self-certifications as required, including dedicated communication activities, with a particular focus on self-certifications obtained after the opening of a Financial Account.

Vanuatu should put in place a clearly defined policy that, where circumvention is identified, action is taken to address it.

Vanuatu should keep its jurisdiction-specific list of Non-Reporting Financial Institutions under review.

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner; and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.

It should be noted that, as Vanuatu exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place procedures to notify its exchange partners. SR 1.6 b) has therefore not been assessed in this case.

Findings:

While notifications under Section 4 of the MCAA or equivalent have not yet been received, Vanuatu has not developed the necessary systems and procedures to process them when required.

Based on these findings it was concluded that Vanuatu is not meeting expectations in relation to collaborating with its exchange partners to ensure that Reporting Financial Institutions correctly conduct the due diligence and reporting procedures. More specifically, fundamental issues have been identified with respect to having systems to collaborate on compliance and enforcement. Vanuatu should continue its implementation process to ensure its effectiveness, including by addressing the recommendations made.

Recommendations:

Vanuatu should put in place the systems and procedures to address errors or non-compliance notified by an exchange partner.

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard.

Rating: On Track

Vanuatu's implementation of the AEOI Standard is on track with respect to exchanging the information effectively in practice including in relation to sorting, preparing and validating the information (SR 2.4), correctly transmitting the information in a timely manner (SRs 2.5 – 2.7) and providing corrections, amendments or additions to the information (SR 2.9). The requirements in relation to the receipt of the

information (SR 2.8) have not been assessed as Vanuatu exchanges information non-reciprocally, so does not receive information. Vanuatu is encouraged to continue its implementation process accordingly, to ensure its ongoing effectiveness.

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).

Findings:

Feedback from Vanuatu's exchange partners did not raise any specific concerns with respect to their ability to process the information received from Vanuatu and therefore with respect to Vanuatu's implementation of these requirements. Two (or 3%) of Vanuatu's exchange partners reported rejecting more than 25% of the files received due to the technical requirements not being met, although they did not reject over 50% of files. This is broadly in line with the general experience of other jurisdictions. Vanuatu stated that the returned files have not yet been verified and corrected.

Based on these findings it was concluded that, overall, Vanuatu is meeting expectations in relation to sorting, preparing and validating the information. It was also noted that there is room for improvement with respect to the resubmission of corrected files. Vanuatu is therefore encouraged to continue its implementation process accordingly, including in relation to the area highlighted.

Recommendations:

Vanuatu should continue to engage with its partners to address the issues raised.

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.

Findings:

In order to put in place an agreed transmission method that meets appropriate minimum standards in confidentiality, integrity of the data and encryption for use with each of its exchange partners, Vanuatu linked to the Common Transmission System.

Based on these findings it was concluded that Vanuatu is fully meeting expectations in relation to agreeing and using appropriate transmission methods with each of its partners. Vanuatu is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.

Findings:

Three exchange partners highlighted delays in the sending of information by Vanuatu (representing 5% of its partners). This represents a relatively high proportion of exchange partners. Furthermore, two partners stated that the information has still not been received. It was noted that Vanuatu successfully addressed all of the issues and sent the information as soon as possible thereafter.

Based on these findings it was concluded that Vanuatu is fully meeting expectations in relation to exchanging the information in a timely manner. Vanuatu is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.

Findings:

Feedback from Vanuatu's exchange partners did not raise any concerns with respect to Vanuatu's use of the agreed transmission methods and therefore with Vanuatu's implementation of this requirement.

Based on these findings it was concluded that Vanuatu is fully meeting expectations in relation to sending the information in accordance with the agreed transmission methods and encryption standards. Vanuatu is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendation made.

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

It should be noted that, as Vanuatu exchanges information on a non-reciprocal basis and does not therefore receive information, it is not required to have in place systems to receive the information and provide status messages. SR 2.8 has therefore not been assessed in this case.

Findings:

Not applicable

Recommendations:

Not applicable.

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.

Findings:

While it is unclear whether Vanuatu's approach will ensure that corrected, amended or additional information is provided in a timely manner, it has not been tested and no such concerns were raised by Vanuatu's exchange partners and therefore with respect to Vanuatu's implementation of these requirements.

Based on these findings it was concluded that Vanuatu appears to be meeting expectations in relation to responding to notifications from exchange partners and the sending of corrected, amended or additional information. Vanuatu is encouraged to continue to ensure the ongoing effectiveness of its implementation.

Recommendations:

No recommendations made.

Assessed jurisdiction's comments on the assessment of effectiveness in practice

Vanuatu's CRS compliance improvement strategy is in its final stages of review. Additional staff are undergoing training from the E-Learning module. SOPs, compliance programs and questionnaires are currently being drafted for the purpose of CRS compliance.

Vanuatu acknowledges the recommendations raised by the peer review group and is making an effort to address those recommendations.

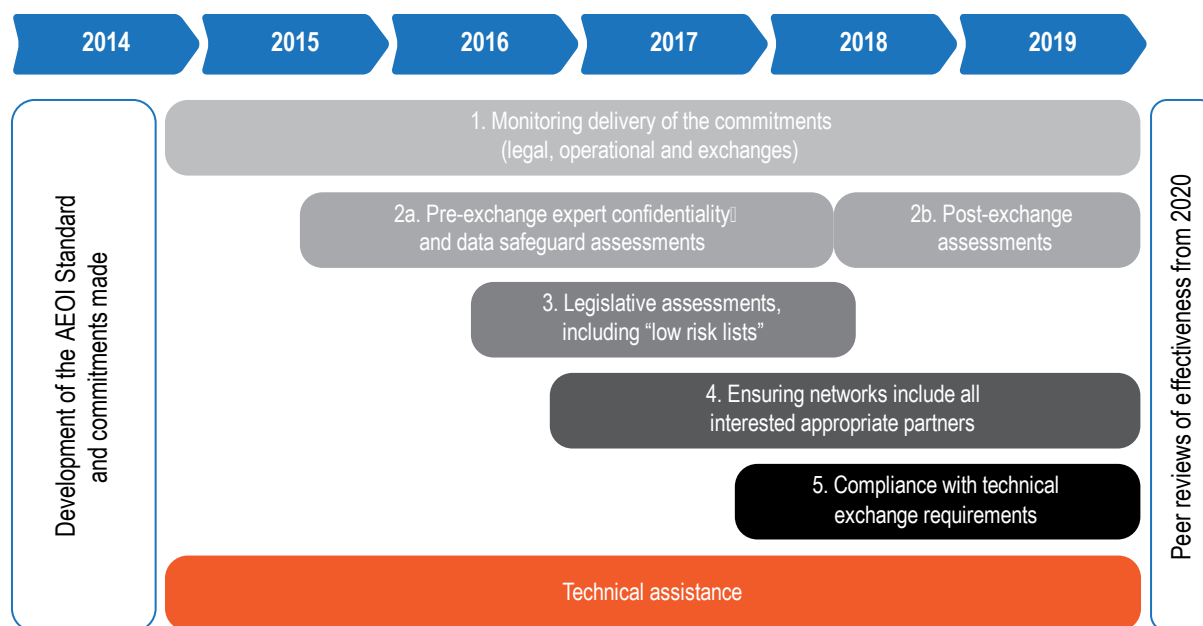
Annex A. Assessments carried out under the Staged Approach

Many of the requirements of the AEOI Standard could only be fully assessed once several years of exchanges under the AEOI Standard had taken place. If the Global Forum was to wait until this point, the peer reviews would have been significantly delayed meaning that any issues in implementation would also be delayed. The Global Forum therefore put in place a “Staged Approach” to monitor, assess and assist in the implementation of the AEOI Standard, while it was being implemented.

At the centre of the approach was the concept that, by looking early in the implementation process at the areas that could be assessed in advance of exchanges taking place, any issues with respect to key areas of implementation could be quickly identified and addressed. This was to help ensure the effective implementation of the AEOI Standard from the start.

Recent years therefore saw various monitoring and assistance activities being carried out by the Global Forum, with the peer review elements being separated into modules. The diagram below depicts each module of the Staged Approach, including the timings with respect to the jurisdictions committed to commence exchanges from 2017 or 2018. The individual modules are described in more detail below.

Figure A A.1. The Staged Approach to the AEOI assessment process



Source: Secretariat of the Global Forum on Transparency and Exchange of Information for tax Purposes.

Individual modules of the Staged Approach

1. Commitments and monitoring implementation: Routine monitoring was established of every jurisdiction that committed to implement the AEOI Standard with all of the key implementation milestones being tracked, through regular updates being provided by the implementing jurisdictions. The results of this process have been used to provide regular internal monitoring reports to Global Forum members and to the G20, as well as to produce this report. The tracking of key milestones also allows the identification of assistance needs, such as on domestic legislation, international agreements, information technology systems and administrative infrastructure.

2. Expert confidentiality and data safeguard assessments: Yearly exchange of bulk taxpayer information heightens the need to ensure that the information is kept confidential and secure. Legal and operational frameworks must therefore be in place to keep the information exchanged confidential and properly safeguarded. An expert panel from member jurisdictions conduct pre-exchange assessments to ensure jurisdictions meet the confidentiality and data safeguard requirements, prior to them exchanging information. The Global Forum provides assistance where issues are identified. Post-exchange reviews, including of the operational frameworks actually used for the exchanges, are also underway for all jurisdictions exchanging information, to provide assurance that the requirements continue to be met.

3. Legislative assessments, including low-risk lists: Moreover, every jurisdiction must also introduce a legislative framework to ensure Reporting Financial Institutions conduct the required due diligence and reporting procedures, as well as a framework for enforcement. Each jurisdiction's domestic legislative framework is therefore peer reviewed once it is put in place (i.e. even before exchanges commence). This includes a legislative gap analysis to ensure all of the key elements of the AEOI Standard are incorporated and an assessment of each jurisdiction's lists of Non-Reporting Financial Institutions and Excluded Accounts to ensure their conformity with the AEOI Standard. Where gaps are found, recommendations are made.

4. Ensuring networks include all interested appropriate partners: Exchange agreements being in place are also a fundamental requirement to implementing the AEOI Standard. Reviewing the exchange agreements being put in place is therefore also a key component of the monitoring and review processes. This ensures the delivery by each jurisdiction of its commitment to exchange information with "all Interested Appropriate Partners". Where a jurisdiction is concerned about delays to the putting in place of a particular exchange agreement it can trigger a peer review of the situation.

5. Compliance with the technical exchange requirements: Before the exchanges can take place, jurisdictions must be able to collect the information from the Reporting Financial Institutions and have solutions in place to prepare and exchange it. Each jurisdiction's technical readiness to exchange is therefore also monitored.

6. Technical assistance: Ensuring the full benefits of AEOI is secured for as many jurisdictions as possible requires them to implement the AEOI Standard as effectively as possible. This requires assistance to be given where needed. Ensuring developing countries can access the benefits the AEOI Standard has to offer, in particular, often requires significant support. The Global Forum therefore provides technical assistance throughout the commitment and implementation process.

7. Reviews of the effectiveness of the implementation of the AEOI Standard: Even once all of the other elements are in place, securing the full benefits of the AEOI Standard requires it to be operating effectively in practice, including that jurisdictions are ensuring Reporting Financial Institutions are effectively implementing the requirements. With exchanges fully underway the initial peer reviews with respect to the effectiveness of the implementation of the AEOI Standard in practice could commence. This process will be strengthened as the implementation of the AEOI Standard becomes more mature.

Annex B. Details of the exchange agreements in place

The table below presents information on all of the exchange agreements in place with respect to the AEOI Standard by the Assessed Jurisdictions. This includes agreements activated through multilateral frameworks (such as the CRS Multilateral Competent Authority Agreement or in a European Union context) as well as bilateral agreements.

Jurisdiction	Exchange agreements in place:
Andorra (87)	Albania, Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Anguilla (58)	Albania, Andorra, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Greece, Greenland, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Antigua and Barbuda (87)	Albania, Andorra, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Montserrat, Nauru, Netherlands, New Zealand, Norway, Panama, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Argentina (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Aruba (67)	Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, New Zealand, Norway, Pakistan, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Australia (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador,

Jurisdiction	Exchange agreements in place:
	Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Austria (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Azerbaijan (94)	Albania, Andorra, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Bahamas (67)	Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Panama, Peru, Poland, Portugal, Russia, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Bahrain (66)	Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Poland, Portugal, Russia, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Barbados (82)	Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Bahrain, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Montserrat, Netherlands, New Zealand, Nigeria, Norway, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay, Vanuatu
Belgium (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Belize (69)	Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of

Jurisdiction	Exchange agreements in place:
	Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Bermuda (71)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Greece, Greenland, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Pakistan, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Brazil (104)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
British Virgin Islands (73)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Brunei Darussalam (61)	Albania, Antigua and Barbuda, Argentina, Australia, Austria, Belgium, Brazil, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hong Kong, China, Hungary, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Liechtenstein, Luxembourg, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Portugal, Saint Lucia, San Marino, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Bulgaria (78)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Romania, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Canada (91)	Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Norway, Panama, Poland, Portugal, Romania, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Cayman Islands (75)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Chile (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius,

Jurisdiction	Exchange agreements in place:
	Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
China (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Colombia (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Cook Islands (91)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Nauru, Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Costa Rica (74)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Croatia (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Curaçao (96)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay

Jurisdiction	Exchange agreements in place:
Cyprus (103)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Czech Republic (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Denmark (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Dominica (66)	Albania, Antigua and Barbuda, Argentina, Australia, Austria, Barbados, Belgium, Brazil, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Estonia (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Faroe Islands (102)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Finland (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong

Jurisdiction	Exchange agreements in place:
	Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
France (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Germany (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Ghana (87)	Albania, Andorra, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Belize, Brazil, British Virgin Islands, Bulgaria, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Gibraltar (98)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Brazil, Brunei Darussalam, Bulgaria, Canada, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Greece (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Greenland (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica,

Jurisdiction	Exchange agreements in place:
	Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Grenada (92)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Belgium, Belize, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Guernsey (101)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Arab Emirates, United Kingdom, Uruguay
Hong Kong, China (87)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Bahamas, Belgium, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Hungary (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Iceland (100)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
India (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and

Jurisdiction	Exchange agreements in place:
	the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Indonesia (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Ireland (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Isle of Man (101)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Brazil, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Israel (93)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malta, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Panama, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Italy (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Japan (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia,

Jurisdiction	Exchange agreements in place:
	South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Jersey (100)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, Brunei Darussalam, Bulgaria, Canada, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Korea (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Kuwait (73)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Latvia (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Lebanon (66)	Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Liechtenstein (102)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Lithuania (103)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland,

Jurisdiction	Exchange agreements in place:
	Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Luxembourg (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Macau, China (70)	Albania, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Malaysia (100)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Malta (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Marshall Islands (60)	Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, Norway, Pakistan, Poland, Portugal, Russia, Saudi Arabia, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Mauritius (102)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Norway, Oman, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Mexico (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait,

Jurisdiction	Exchange agreements in place:
	Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Monaco (82)	Albania, Andorra, Anguilla, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Belgium, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Panama, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Montserrat (64)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Greece, Greenland, Grenada, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Nauru (73)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Netherlands (104)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
New Caledonia (52)	Albania, Argentina, Australia, Austria, Belgium, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Finland, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, India, Indonesia, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Portugal, San Marino, Singapore, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom, Uruguay
New Zealand (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Nigeria (92)	Albania, Andorra, Argentina, Australia, Austria, Azerbaijan, Bahrain, Barbados, Belgium, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Cayman Islands, Chile, China, Colombia, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mexico, Monaco, Nauru, Netherlands, New Caledonia, New Zealand, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Niue (26)	Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain,

Jurisdiction	Exchange agreements in place:
	Sweden, United Kingdom
Norway (104)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Oman (48)	Argentina, Australia, Austria, Belgium, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Poland, Portugal, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom
Pakistan (89)	Albania, Andorra, Anguilla, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahrain, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Nauru, Netherlands, New Zealand, Nigeria, Norway, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Panama (87)	Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Monaco, Nauru, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Peru (74)	Albania, Argentina, Aruba, Australia, Austria, Bahamas, Belgium, Bermuda, Brazil, Brunei Darussalam, Bulgaria, Cayman Islands, Chile, China, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Guernsey, Hong Kong, China, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malta, Mauritius, Mexico, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Panama, Portugal, Qatar, Romania, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, Uruguay
Poland (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Portugal (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay,

Jurisdiction	Exchange agreements in place:
	Vanuatu
Qatar (62)	Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Norway, Pakistan, Peru, Poland, Portugal, Russia, San Marino, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Romania (79)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Russia (101)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Saint Kitts and Nevis (62)	Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Russia, San Marino, Saudi Arabia, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
Saint Lucia (94)	Albania, Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Poland, Portugal, Romania, Russia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Saint Vincent and the Grenadines (75)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
Samoa (67)	Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Poland, Portugal, Russia, San Marino, Saudi Arabia, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay
San Marino (101)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos

Jurisdiction	Exchange agreements in place:
	Islands, United Arab Emirates, United Kingdom, Uruguay
Saudi Arabia (101)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Seychelles (96)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay
Singapore (103)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Sint Maarten (65)	Albania, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Latvia, Liechtenstein, Luxembourg, Malaysia, Malta, Mauritius, Mexico, New Zealand, Nigeria, Pakistan, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Türkiye, United Kingdom, Uruguay
Slovak Republic (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Slovenia (107)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
South Africa (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands,

Jurisdiction	Exchange agreements in place:
	Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Spain (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Sweden (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Norway, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Switzerland (103)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Trinidad and Tobago (0)	
Türkiye (88)	Albania, Andorra, Argentina, Aruba, Australia, Austria, Azerbaijan, Belgium, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Mauritius, Mexico, Nauru, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Poland, Portugal, Qatar, Romania, Russia, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Uruguay, Vanuatu
Turks and Caicos Islands (69)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Greece, Greenland, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
United Arab Emirates (78)	Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Russia, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay
United Kingdom (106)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica,

Jurisdiction	Exchange agreements in place:
	Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, Uruguay, Vanuatu
Uruguay (105)	Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Guernsey, Hong Kong, China, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau, China, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montserrat, Nauru, Netherlands, New Caledonia, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, Turks and Caicos Islands, United Arab Emirates, United Kingdom, Vanuatu
Vanuatu (65)	Albania, Argentina, Australia, Austria, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Cook Islands, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Faroe Islands, Finland, France, Germany, Ghana, Gibraltar, Greece, Greenland, Grenada, Hungary, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Poland, Portugal, Russia, Saint Lucia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Uruguay

Annex C. The AEOI Terms of Reference

Below are the Core Requirements and Sub-Requirements of the AEOI Terms of Reference with respect to the implementation of the AEOI Standard.

CR1 Legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein

Defining Reporting Financial Institutions

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS, in particular by:

- a) incorporating the definitions contained in paragraph A of Section VIII of the CRS into their domestic legislative framework; and
- b) ensuring that any Financial Institution or category of Financial Institutions defined domestically as a Non-Reporting Financial Institution meets the requirements for its status as a Non-Reporting Financial Institution as set out in paragraph B of Section VIII of the CRS.

Defining the Financial Accounts to be reported and incorporating the due diligence procedures to identify them

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them, in particular by:

- a) incorporating the definitions contained in subparagraphs C. 1 to 16, and paragraphs D and E of Section VIII of the CRS into their domestic legislative framework.
- b) defining New Accounts as those opened from the first day of the calendar year (or other appropriate reporting period) prior to the year of first exchange and Preexisting Accounts as those that are open on the last day of the preceding calendar year (or other appropriate reporting period).
- c) incorporating the due diligence procedures contained in Sections II to VII of the CRS into their domestic legislative framework.¹
- d) ensuring that any Financial Account or category of Financial Accounts defined in their domestic legislative framework as an Excluded Account meets the requirements for its status as an Excluded Account as set out in subparagraph C. 17 of Section VIII of the CRS.

Reporting the information

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.²

Enforcement

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice, including through rules to:

- a) prevent Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the due diligence and reporting procedures;
- b) require Reporting Financial Institutions to keep records of the steps undertaken and any evidence relied upon for the due diligence procedures for at least five years following the end of the period within which the Reporting Financial Institution must report the information required to be reported under Section I of the CRS;
- c) ensure that valid self-certifications are always obtained for New Accounts; and
- d) address non-compliance with the requirements of the CRS.

CR1 Effectiveness in practice: Jurisdictions should ensure that in practice Reporting Financial Institutions correctly implement the due diligence and reporting procedures, which includes a requirement for jurisdictions to have in place an administrative framework to ensure the effective implementation of the CRS

Ensuring effectiveness domestically

SR 1.5 Jurisdictions should ensure that in practice Reporting Financial Institutions identify the Financial Accounts they maintain, identify the Reportable Accounts among those Financial Accounts, as well as their Account Holders, and where relevant Controlling Persons, by correctly conducting the due diligence procedures and collect and report the required information with respect to each Reportable Account. This includes having in place:

- a) an effective administrative compliance framework to ensure the effective implementation of, and compliance with, the CRS. This framework should:
 - i. be based on a strategy that facilitates compliance by Reporting Financial Institutions and which is informed by a risk assessment in respect of the effective implementation of the CRS that takes into account relevant information sources (including third party sources);
 - ii. include procedures to ensure that Financial Institutions correctly apply the definitions of Reporting Financial Institutions and Non-Reporting Financial Institutions;
 - iii. include procedures to periodically verify Reporting Financial Institutions' compliance,³ conducted by authorities that have adequate powers with respect to the reviewed Reporting Financial Institutions, with procedures to access the records they maintain;⁴ and
- b) effective procedures to ensure that Financial Institutions, persons or intermediaries do not circumvent the due diligence and reporting procedures;
- c) effective enforcement mechanisms to address non-compliance by Reporting Financial Institutions;
- d) strong measures to ensure that valid self-certifications are always obtained for New Accounts;⁵
- e) effective procedures to ensure that each, or each type of, jurisdiction-specific Non-Reporting Financial Institution and Excluded Account continue to present a low risk of being used to evade tax;⁶ and
- f) effective procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported in order to establish the reasons why such information is being reported.⁷

International collaboration to ensure effectiveness

SR 1.6 Jurisdictions should collaborate on compliance and enforcement. This requires jurisdictions to:

- a) use all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to the jurisdiction by an exchange partner;⁸ and
- b) have in place effective procedures to notify an exchange partner of errors that may have led to incomplete or incorrect information reporting or non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution in the jurisdiction of the exchange partner.⁹

CR2 Legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA

Putting in place the exchange agreements on time

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.¹⁰

The contents of the agreements

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA,¹¹ including with respect to:

- a) the categories of information to be exchanged;¹²
- b) the timing of the exchange of information;¹³
- c) the notifying of an exchange partner when the jurisdiction has reason to believe that an error may have led to incomplete or incorrect information reporting or there is non-compliance with the due diligence or reporting procedures by a Reporting Financial Institution, located in the exchange partner;¹⁴ and
- d) taking all appropriate measures available under the jurisdiction's domestic law to address errors or non-compliance notified to it.¹⁵

CR2 Effectiveness in practice: Jurisdictions should exchange the information effectively in practice, in a timely manner, including by sorting, preparing, validating and transmitting it in accordance with the AEOI Standard

Preparing and validating the information

SR 2.4 Jurisdictions should sort, prepare and validate the information in accordance with the CRS XML Schema and the associated requirements in the CRS XML Schema User Guide¹⁶ and the File Error and Correction-related validations in the Status Message User Guide (i.e. the 50000 and 80000 range).¹⁷

Transmitting the information

SR 2.5 Jurisdictions should agree and use, with each exchange partner, transmission methods that meet appropriate minimum standards to ensure the confidentiality and integrity of the data throughout the transmission, including its encryption to a minimum secure standard.¹⁸

SR 2.6 Jurisdictions should carry out all exchanges annually within nine months of the end of the calendar year to which the information relates.¹⁹

SR 2.7 Jurisdictions should send the information in accordance with the agreed transmission methods and encryption standards.²⁰

SR 2.8 Jurisdictions should have the systems in place to receive information and, once it has been received, should send a status message to the sending jurisdictions in accordance with the CRS Status Message XML Schema and the related User Guide.

Providing corrections, amendments or additions

SR 2.9 Jurisdictions should respond to a notification from an exchange partner as referred to in Section 4 of the Model CAA (which may include Status Messages) in accordance with the timelines set out in the Commentary to Section 4 of the Model CAA. In all other cases, jurisdictions should send corrected, amended or additional information received from a Reporting Financial Institution as soon as possible after it has been received.²¹

CR3: Jurisdictions should keep the information exchanged confidential and properly safeguarded, and use it in accordance with the exchange agreement under which it was exchanged SR

SR 3.1 Jurisdictions should meet the confidentiality and data safeguard requirements, including on the use of the information, referred to in Section 5 of the Model CAA to be able to receive information under the AEOI Standard.

Notes

¹ Sections II to VII of the CRS set out the General Due Diligence Requirements, the Due Diligence for Preexisting Individual Accounts, the Due Diligence for New Individual Accounts, the Due Diligence for Preexisting Entity Accounts, the Due Diligence for New Entity Accounts, the Special Due Diligence Rules and the Defined Terms respectively. Paragraphs D and E of 3 Section VIII of the CRS set out the definitions relevant to the due diligence procedures.

² Section I of the CRS sets out the General Reporting Requirements, specifying the information that must be reported with respect to each Reportable Account.

³ Paragraph A. 3 of Section IX of the CRS

⁴ Paragraph A. 2 of Section IX of the CRS

⁵ Paragraph 18 of the Commentary on Section IX of the CRS

⁶ Paragraph A. 4 of Section IX of the CRS

⁷ Paragraph A. 3 of Section IX of the CRS

⁸ Section 4 of the Model CAA

⁹ Section 4 of the Model CAA

¹⁰ Exchange agreements are expected to be put in place in time for exchanges from the date committed to unless the expression of interest indicates a later date for the commencement of exchanges or the expression of interest is not received in time. Whether the expression of interest is received in time for exchanges to commence in a particular year will depend on the specific circumstances, including the approach to the implementation of the AEOI Standard taken by the potential exchange partners.

¹¹ Note that the agreements can take various forms. What is key is that both exchange partners are satisfied that the arrangement in place delivers the outcomes specified in the requirements.

¹² Section 2 of the Model CAA

¹³ Section 3 of the Model CAA

¹⁴ Section 4 of the Model CAA

¹⁵ Section 4 of the Model CAA

¹⁶ Paragraph 5 of Section 3 of the Model CAA

¹⁷ If using the Common Transmission System, the information should be prepared in accordance with the File Preparation and Encryption User Guide.

¹⁸ Paragraph 6 of Section 3 of the Model CAA and the File Preparation and Encryption User Guide

¹⁹ Paragraph 3 of Section 3 of the Model CAA also states that information is only required to be exchanged with respect to a calendar year if both jurisdictions have in effect legislation that requires reporting with respect to such calendar year that is consistent with the scope of exchange required (Section 2 of the Model CAA) and the reporting and due diligence procedures contained in the CRS.

²⁰ Paragraph 6 of Section 3 of the Model CAA and the File Preparation and Encryption User Guide

²¹ Commentary on Section 2 of the Model CAA

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review of the Automatic Exchange of Financial Account Information 2022

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing. The Global Forum monitors and peer reviews the implementation of the international standards of Exchange of Information on Request (EOIR) and Automatic Exchange of Information (AEOI).

AEOI provides for the automatic exchange of a predefined set of financial account information between tax authorities on an annual basis to assist them in ensuring the correct amount of tax is paid. To ensure the AEOI standard is fully effective, the Global Forum carries out a review of each jurisdiction's domestic and international legal frameworks to ensure they are complete, as well as a review of the effectiveness of their implementation of the standard in practice.

This report presents the latest conclusions of the peer reviews of the legal frameworks put in place by each jurisdiction to implement the AEOI standard. The results relate to the more than 100 jurisdictions that committed to commence AEOI by 2020. It also contains, for the first time, the results of the Global Forum's initial peer reviews in relation to the effectiveness in practice of the implementation of the standard.



PDF ISBN 978-92-64-90732-4



9 789264 907324