This report consists of two parts. Part I is a report by the OECD Secretary-General regarding (A) the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project; (B) tax transparency with the single global common standard on Automatic Exchange of Information (AE0I); and (C) Tax and Development. Part II is an updated Progress Report to the G20 by the Global Forum on Transparency and Exchange of Information for Tax Purposes.
This document and any 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 Turkey: 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. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

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

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**Introduction**

**Tax co-operation has reached unprecedented levels.** Drawing on the G20’s leadership, countries representing different development levels are working together closer than ever to address tax evasion and shut down the loopholes that facilitate tax avoidance.

At the G20 Leaders meeting in Antalya, we delivered the package of measures developed under the G20/OECD Base Erosion and Profit Shifting Project. **Those measures, which reflect a comprehensive approach to updating the international tax rules for the 21st century, must now be implemented.** In the Antalya Communique, the OECD was mandated to develop an inclusive framework with the involvement of interested non-G20 countries and jurisdictions on an equal footing, committed to implementing the BEPS package of measures.

This report sets out an architecture for that framework, proposing the most inclusive approach that would see **jurisdictions participating on an equal footing to review the implementation of the BEPS minimum standards, as well as monitor the package as a whole and complete the remaining elements of the BEPS standard-setting work.** The framework will be built by extending the BEPS Associate status in the OECD’s Committee on Fiscal Affairs to all interested and committed countries and jurisdictions, bringing them on an equal footing with the G20 and OECD countries, on both the BEPS standard setting and BEPS implementation monitoring. Moreover, jurisdictions that have decided not to commit but which are relevant for ensuring a level-playing field in tackling BEPS issues globally, would be subject to review. If approved by the G20, the framework would be put in place and ready to hold its first meeting by June.

We are also seeing how effective implementation is critical for tax transparency, with countries drawing on OECD support to move ahead and meet their deadlines for implementation of automatic exchange of financial account information by 2017 and 2018. In addition to practical guidance and country-specific implementation projects led by the Global Forum on Transparency and Exchange of Information, the OECD is working with its Forum on Tax Administration to consider the most cost-effective and secure transmission system for the exchange of this information.

The importance of effective tax systems for sustainable development continues to be recognised. In that environment, ensuring solutions to international tax issues are adapted to the needs of a full range of countries remains a focus of the tax and development work overseen by the G20 Development Working Group. The OECD continues to work with the other international organisations – the IMF, the UN and the World Bank Group – as well as regional tax organisations, to ensure support on tax issues is effective and responsive to developing countries’ priorities. Building on their existing collaboration, the international organisations have also agreed to establish a Platform for Collaboration on Tax, to deliver joint outputs and support work on tax issues in all their member countries. The OECD and UNDP also continue working on the Tax Inspectors Without Border initiative to provide hands on support for developing and low income countries to address specific problems they confront in the tax field.
We are very supportive of China’s proposal to host a G20 tax policy symposium in July. With countries now equipped with the tools to fight tax evasion and avoidance, the Symposium represents an opportunity for the G20 to explore how tax policy can play a role in supporting the G20’s broader agenda of inclusivity and sustainable growth, and we stand ready to support this ambitious agenda.
PART I

OECD/G20 Base Erosion & Profit Shifting Project

Tax Transparency

Tax and Development
A. The OECD/G20 Base Erosion and Profit Shifting Project

In November 2015, at their meeting in Antalya, G20 leaders endorsed the package of measures developed under the ambitious G20/OECD Base Erosion and Profit Shifting (BEPS) Project. The set of 15 BEPS measures aims to address tax avoidance by Multi-National Enterprises which is estimated to cost 100-240 billion US dollars a year globally.

As highlighted in their communiqué, the Leaders emphasised that widespread and consistent implementation will be critical in the effectiveness of the Project. To achieve that objective and in order to monitor implementation of the BEPS package, G20 Leaders in their Antalya Communiqué called on the OECD:

...to develop an inclusive framework by early 2016 with the involvement of interested non-G20 countries and jurisdictions which commit to implement the BEPS Project, including developing economies, on an equal footing.

I am glad to now report:

1. BEPS Implementation has begun.

A number of countries have already adopted legislative changes to implement a number of the BEPS measures. This is particularly the case with respect to hybrid mismatch legislation, but also for Country-by-Country (CbC) Reporting. Many countries have already enacted legislation or regulations to require companies to file their CbC Reports in accordance with the requirements included in the BEPS Action 13 Report, and discussions are being held at the technical level to ensure a smooth implementation. Further 32 countries have already signed the multilateral Competent Authorities Agreement which provides the legal mechanisms to exchange CbC Reports automatically. Additional signings will happen later in 2016, and will mean that information concerning 2016 accounts of MNEs should be filed in 2017, and then exchanged as planned in 2017 or 2018.

The updates to the transfer pricing rules are also being implemented in countries, without requiring big changes, making Actions 8-10 immediately in force. Formalisation of the Actions will soon be available through an OECD recommendation, open to all countries. In addition, the ad hoc group of the multilateral instrument has held its second meeting on 15-16 February, and is on track to get agreement on a draft instrument by year-end. This instrument would give effect to the tax treaty-related BEPS measures, and with 95 countries participating, could cover more than 2 000 bilateral tax treaties.

Finally, in late January, the European Union took a significant step towards implementing the BEPS package, with the announcement by the EU Commission of an Anti-Tax Avoidance Package, aimed predominantly at ensuring the smooth implementation of a number of the BEPS measures across the Member States of the EU. In particular, the EU’s proposed directives would see the implementation of the CbC Reporting requirements for Multi-National Enterprises, as well as measures relating to interest deductibility, hybrid mismatches and controlled foreign companies. Recommendations are also proposed with respect to the BEPS measures on preventing tax treaty abuse, and updating the permanent establishment concept.

The BEPS package, delivered under the G20’s leadership, is already becoming reality.
2. The architecture of the inclusive framework for BEPS implementation has been agreed.

In order to respond to G20 Leader’s call in Antalya, OECD and G20 technical experts have now agreed the architecture of a proposed inclusive framework. The inclusive framework’s main features are:

**BEPS Associate status in the OECD’s Committee on Fiscal Affairs will be extended to all interested and committed countries and jurisdictions, bringing them on an equal footing with the G20 and OECD countries, on both the BEPS standard setting and BEPS implementation monitoring.** Moreover, jurisdictions that have decided not to commit but which are relevant for ensuring a level-playing field in tackling BEPS issues globally, would be subject to review. Procedures to invite and review countries and jurisdictions have been agreed by OECD and G20 countries. I will continue to report to the G20 on the work of the OECD Committee and on progress on the different parts of the agenda.

**The framework’s mandate will focus primarily on the review of implementation of the 4 BEPS minimum standards** (in the areas of harmful tax practices, tax treaty abuse, Country-by-Country Reporting requirements for transfer pricing, and improvements in cross-border tax dispute resolution), while ensuring that implementation of the rest of the BEPS package is not overlooked. It will also undertake ongoing monitoring of the work relating to tax challenges in the digital economy and measuring the impact of BEPS, and finalise the remaining BEPS standard-setting work on the BEPS package over 2016 and 2017, taking into account the areas of interests of developing countries. The framework will also support countries in implementation of the BEPS package, incorporating the specific needs of developing countries, including practically-focused toolkits that address the top priority BEPS issues which they have identified.

**Governance of the framework will be led by a representative group of countries,** as has been the case in the BEPS Project to date, taking into account factors such as geographic regions and stages of economic development. The work programme will be supported by a 2-tier fee structure that takes into account the resource constraints of less developed countries. **The framework’s initial mandate would be until 2020.**

**Other international organisations and regional tax organisations will have an important role,** continuing to participate as Observers in order to support the development of guidance on implementation that addresses the needs of developing countries (such as the toolkits referred to in section C of my report), as well as to ensure their members have a full understanding of the key issues, can effectively participate in the framework, and encourage global adoption of the BEPS package.

**If agreed by the G20, the establishment of the framework will be pursued so that its first meeting would be held at the end of June 2016, in Kyoto, Japan.**
3. Tax administrations are acting together

Tax administrations will have an important role to play in the BEPS implementation process, and the OECD’s Forum on Tax Administration has been active in this regard. The FTA members will share best practices on the tax administration aspects of BEPS implementation, such as improving the efficient resolution of cross-border tax issues through its Mutual Agreement Procedure (MAP) Forum which is also developing the terms of reference to review progress on this issue under the inclusive framework. The FTA has also already started “on the ground” co-operation to better fight aggressive tax planning, through the JITSIC (Joint international Tax Shelter Information & Collaboration) network. The FTA’s next plenary meeting will be hosted by the Head of the Chinese State Administration of Taxation, on 11-13 May 2016 in Beijing.

Countries have already begun moving ahead with implementation, drawing on the tools which we have developed together and delivered in the BEPS package. The proposed inclusive framework, a landmark step forward for inclusive participation in the international tax agenda, would bring substantial support to those efforts for both developed and developing countries.

While the delivery of the BEPS package was a high-point in the OECD-G20 partnership to deliver an important and impactful progress on critical international tax issues, moving into BEPS implementation heralds an exciting new era. The challenge of translating the BEPS measures into practice, while also expanding the global reach of the Project, will require your support at the G20 and national levels.

1. The Forum on Tax Administration, chaired by the UK, brings together the Commissioners of 46 Tax Administrations, including all OECD and G20 countries, focused on taking collective action and sharing best practices to improve tax administration, particularly those that relate to the wider international tax agenda.
B. Tax Transparency

In 2009, the G20 made a commitment to eliminate bank secrecy, leading to the restructuring of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) hosted by the OECD. **Today the Global Forum has 131 member jurisdictions, all committed to the standard on exchange of tax information on request.** The Global Forum continues to make important progress, particularly through its in-depth peer review monitoring process and supporting capacity building (see Part II of this report for an update on the Forum’s work).

More recently, interest has focused on the opportunities provided by automatic exchange of financial account information – capable of identifying transfers that were previously unknown and unknowable. In response, in 2013 the G20 called on the OECD to establish a single common global standard for AEOI that could give access to foreign financial account information to all committed jurisdictions, driven by the introduction of the unilateral approach of the U.S. Financial Account Tax Compliance Act (FATCA). By July 2014, the OECD delivered the global Common Reporting Standard (CRS) for AEOI. **Endorsed by G20 Leaders in November 2014, CRS is a game-changer in terms of deterring, detecting and addressing tax evasion.** So far, 96 jurisdictions, including almost all identified financial centres, have committed to undertaking the first exchanges under the CRS by 2017 and 2018. On this issue, in a step backwards from the commitment Panama made to its peers at the plenary meeting of the Global Forum, and despite extensive engagement of the Global Forum Secretariat, Panama has now stated that it is unable to adhere to all aspects of the CRS, and it has therefore been removed from the list of committed jurisdictions (See further Part II of this report).

In recognition of the imminent commencement of AEOI, governments are seeing taxpayers move quickly to bring their off-shore tax affairs into compliance. **Under a series of voluntary disclosure programmes and similar initiatives targeting offshore evasion, thirty countries have already identified additional revenue totalling more than EUR 48 billion in the past 7 years.** We will continue to work with countries to track the additional revenues identified and update this figure in due course.

**Update on AEOI implementation**

Overall, jurisdictions have made significant progress in implementing their commitments to implement AEOI; **however intensive work remains necessary to ensure that all committed jurisdictions have the right legal framework, and domestic systems and processes in place to be able to exchange information automatically effectively under the present deadlines.**

The multilateral Convention on Mutual Administrative Assistance in Tax Matters (Mutual Assistance Convention, or MAC) which provides a legal basis for AEOI, now has 94 participating jurisdictions, with Israel, Senegal and Kenya the most recent countries to sign the Convention. Countries relying on the MAC to provide the legal basis for automatic exchange and who are committed to undertake AEOI in 2018 will need to ensure they have signed and ratified the Convention by August 2016.
Since October 2015, 5 additional jurisdictions (Andorra, China, Greenland, Malaysia, and Monaco) have also signed the Multilateral Competent Authority Agreement for CRS, which is the tool by which jurisdictions agree the details of the automatic exchange process, bringing the total number of signatories to 79.

The OECD continues its active support to jurisdictions to meet their AEOI commitments, including:

- Additional guidance on the CRS, in close consultation with business, to ensure the consistent implementation by all jurisdictions;
- CRS implementation tools, including the CRS Implementation Handbook and the AEOI Portal; and
- Administration of the notification process to bring into effect the Multilateral Competent Authority Agreement amongst signatories.

With its Forum on Tax Administration playing a central role, the OECD is also working on the development of a common transmission system, which will allow countries to transmit the tax information automatically, in a secure IT-environment, and exploring the option of a joint procurement to minimise costs.

The Global Forum is also working with OECD members to support AEOI implementation by interested developing countries, through the establishment of a series of pilot projects. The Forum will also be responsible for monitoring implementation of commitments to AEOI, and is currently developing the terms of reference for that process - the details of which are set out in Part II of this report.
C. Tax and Development

The role of effective tax systems as a crucial element of domestic resource mobilisation (DRM) is receiving growing recognition, including by the G20 as well as in the discussion on development financing as part of the global commitment to the post-2015 Sustainable Development Goals (SDGs). Concurrently, the G20 has been working with the OECD to support enhanced efforts, on both tax transparency and in tackling BEPS, to ensure greater developing country participation in the work on the international tax agenda, to ensure the benefits are shared by all. The integration of developing country involvement into the BEPS Project will continue with the establishment of the inclusive framework for BEPS implementation (see section A of this report).

In conjunction with the BEPS Project, a dedicated work stream mandated under the G20 Development Working Group (DWG) is delivering practical guidance on the BEPS-related priority issues which were identified by low income countries in 2014. This work, being carried out in partnership between the OECD, IMF, UN and World Bank Group, which will provide an important link to the support on BEPS implementation under the inclusive framework, aims to translate the BEPS deliverables and BEPS-related issues into practical guidance relevant for the developing country context. The first tools under this work stream were delivered by the international organisations in November 2015, focusing on the effective use of tax incentives.

Building on this collaborative work stream, the international organisations (the IMF, OECD, the UN and the World Bank Group), see deepening their collaboration and co-operation on tax issues as an essential component of the global push to meet global development challenges, including to enhance domestic resource mobilisation. Through the establishment of a Platform for Collaboration on Tax, they propose to develop a common approach, deliver joint outputs and respond to requests for a global dialogue on tax matters, using the Platform to support tax work in all their member countries. One of the major outputs of the Platform will be the BEPS-related toolkits mandated by the G20 DWG, and on an ongoing basis, the Platform is also expected to identify and analyse emerging national and international tax issues, especially those of interest to developing countries, including with a view to possibly bringing them to the attention of the proposed Inclusive Framework described in Section A of this report.

In addition, in the area of capacity building, the OECD agreed a partnership in July 2015 with the UN Development Programme (UNDP) to extend the reach of the Tax Inspector Without Borders (TIWB) initiative. TIWB provides developing countries with hands on practical audit assistance for complex international tax issues, building expertise and sharing best practices. Building on TIWB’s pilot phase, and with the support of UNDP’s country-level presence, expert deployments have assisted countries to increase their tax collected by over USD 185 million between 2012 and 2014 (and including some early reporting from 2015). These figures include TIWB assistance components.

(working on anonymised company cases) provided through the OECD programme on transfer pricing in Colombia, Kenya, Vietnam, Zambia, and Zimbabwe.

In addition, at the request of developing countries and in partnership with the European Commission and the World Bank Group, the OECD’s Tax and Development Programme is actively building capacity in 20 developing countries on transfer pricing issues through tailored country-level assistance. These programmes also address other BEPS related issues in addition to transfer pricing, so that a holistic approach is taken to improving the quality of tax administration. The programmes have also proved important in raising awareness of the BEPS package of measures and to support countries with their BEPS implementation plans. At their request, the OECD has also seconded since December 2015, a tax expert to work in the African Tax Administration Forum to support their capacity building activities more closely.

Finally, with regional partners, the OECD will publish in 2016 the first edition of Revenue Statistics in Africa, covering 8 countries, following the work with Latin America and Asia. The OECD’s Global Revenue Statistics programme will now cover more than 60 countries, and provides officials with a comprehensive, comparable and high quality revenue data to make informed decisions about the design of tax policy in their countries. Revenue statistics will be an essential data source to track progress on Sustainable Development Goal 17 concerning the means of implementation.
PART II

Global Forum on Transparency and Exchange of Information for Tax Purposes
Executive Summary

The Global Forum on Transparency and Exchange of Information for Tax Purposes is the world’s leading multilateral body within which work in the area of transparency and exchange of information for tax purposes is carried out by its 131 member jurisdictions and 15 observer international organisations.

January 2016 marked the beginning of the Global Forum’s third mandate, running from 2016 – 2020. Also on the 1st of January 2016, financial institutions in many Global Forum members began collecting information on non-resident account holders to exchange automatically with treaty partners, with exchanges beginning in 2017. This is a major milestone on the road to improved international tax transparency.

A total of 55 member jurisdictions have committed to first automatic exchanges in 2017. A further 41 will join them in exchanging financial account information in 2018. Since the report to the G20 leaders in November 2015, Kuwait has joined the Global Forum as a member and has also made a commitment to start exchanges in 2018. Panama has reported that while it intends to move towards automatic exchange of information, it is unable to adhere to all aspects of the Common Reporting Standard (which is endorsed by the G20 Leaders and the Global Forum).

Around 90% of the 2017 jurisdictions now have the key overarching elements of the legal framework in place. Intensive work is still required to ensure that the complete legal framework, including secondary legislation or regulations, is in place in time to meet the 2017/2018 deadline. This will require a continuing strong resolve by all and a relentless focus on implementation throughout 2016. The Global Forum will continue to monitor, assist and prioritise support for members to ensure the delivery of their commitments.

In 2016 the first round of reviews for EOI on request will be completed for all Global Forum member jurisdictions and relevant non-members. The last of the reviews scheduled in the first round have now been launched. All compliance ratings for this round will be assigned by October 2016. A second round of reviews will commence in 2016 and all Global Forum members will be reviewed against a strengthened standard on EOI on request over the next 5 years. The standard now includes an assessment of beneficial ownership information.

The multilateral Convention on the Mutual Administrative Assistance in Tax Matters (the Convention), has taken on increasing importance following the G20’s call for automatic exchange to become the new international standard. The number of participating jurisdictions in the Convention has now reached 94, an increase of 5 since the last report to the leaders in November.

An important step in enhancing domestic resource mobilisation in developing countries is the promotion of tax transparency and international tax co-operation. Already this year two new developing country members, Chad and Guyana, have joined the Global Forum. Since its last report to the G20 Leaders, the Global Forum has developed an induction programme to enable new developing country members to integrate into the Global Forum and benefit as quickly as possible from membership. A new strategy to provide rapid expert support to jurisdictions that need tailored assistance in implementing the AEOI Standard has also been developed.
Introduction

January 2016 marks the beginning of the Global Forum’s new five year mandate. It also marks the start of a fundamental change in the relationship between financial institutions and tax administrations. The new international standard on automatic exchange of information (AEOI Standard), or the Common Reporting Standard (the CRS), is now up and running. Since 1 January, financial institutions in jurisdictions that committed to first exchanges of financial account information in 2017 have started to collect a great deal of information on new account holders, including account numbers, account balances and tax identification numbers. From 2017 onwards, this information will begin to be exchanged automatically with countries of residence of the account holders. The momentum will increase throughout 2018 as another wave of countries gives effect to their commitments to begin first exchanges bringing bank secrecy for tax purposes to its final end.

The Global Forum on Transparency and Exchange of Information for Tax Purposes has been instrumental in bringing about this historic change. Its November 2015 report to G20 Leaders provided an update on the commitments that 96 jurisdictions had made to implement the new international standard AEOI Standard. We can now report that the process has moved firmly beyond commitments and into implementation. The result will be a huge amount of financial information about taxpayers being shared between governments, making it very difficult in future for taxpayers to hide their assets abroad. In a step backwards in this process, Panama has now stated that it is not yet adhering to the full CRS and it has therefore been removed from the list of committed jurisdictions.

In addition to developments in relation to AEOI, this report provides a brief update on the Global Forum’s work on exchange of information on request (EOIR), technical assistance to developing countries and progress by members in signing the multilateral Convention on the Mutual Administrative Assistance in Tax Matters (the Convention).

2016 will be a challenging year but also a promising one for tax transparency to the benefit of all members, including developing countries.
Exchange of Information on Request

The Global Forum’s peer review process evaluates jurisdictions’ compliance with the standard for Exchange of Information on Request (EOIR). Reviews take place in two phases: Phase 1 reviews examine the legal and regulatory framework; Phase 2 reviews look into the implementation of this framework in practice. In both cases recommendations are made where appropriate. If a jurisdiction’s Phase 1 review reveals that elements essential to achieving effective exchange of information (EOI) in practice are not in place, then it will not move to Phase 2 until this has been addressed. Where jurisdictions take action to address the recommendations made by the Global Forum, a supplementary review can be carried out to evaluate the improvements. Following a Phase 2 review, compliance ratings are assigned which indicate a jurisdiction’s compliance with the EOIR standard, including an overall rating.

As of February 2016, the Global Forum has finalised Phase 1 reviews of 120 jurisdictions and assigned compliance ratings for a total of 86 jurisdictions after completion of their Phase 2 reviews. The overall ratings show that 22 jurisdictions are rated “Compliant”, 52 jurisdictions “Largely Compliant”, and 12 “Partially Compliant” (see Annex 1).

The Global Forum is quickly coming to the completion of the first round of reviews for all of its member jurisdictions and relevant non-members. At the end of 2015 the last of the reviews scheduled in the Global Forum’s first round of reviews were launched. In addition to the scheduled reviews, supplementary Phase 1 reviews were launched for Lebanon and Vanuatu and supplementary Phase 2 reviews were launched for Barbados and Israel.

The table below shows the on-going reviews, which should all be finalised and published in 2016:

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The on-going reviews include the Phase 2 reviews of some jurisdictions that were previously prevented from moving to Phase 2, but have had improvements recognised through a supplementary review (Brunei Darussalam, Dominica, the Marshall Islands, Panama and Switzerland). Similarly, the supplementary reviews of Lebanon, Liberia, Nauru and Vanuatu are on-going to determine if those jurisdictions have addressed the deficiencies in their legal frameworks.

A special procedure was agreed by the Global Forum for jurisdictions that are blocked from Phase 2 and which have not acted on the recommendations made in their Phase 1 reports for a period of more than 2 years since publication of their reports. Under this procedure, these jurisdictions will be rated as Non-Compliant for their failure to have a legal framework in place for effective exchange of information. By the time of the Global Forum plenary meeting in 2016, compliance ratings for virtually all jurisdictions will have been finalised and published.

The progress made by many jurisdictions in addressing recommendations made by the Global Forum and that have had ratings upgrades, or moved to Phase 2, demonstrate the value and effectiveness of the peer review process. The mandate conferred on the Global Forum in 2009 has resulted in huge advancements in the pace, volume and quality of international tax co-operation.

As reported to the G20 Leaders in November, the completion of the first round of reviews does not mean the end of the work on EOI on request, which is expected to become even more important with the implementation of AEOI. A second round of reviews will commence in 2016 and all Global Forum members will be reviewed against a strengthened standard over the next 5 years. The standard now includes an assessment of beneficial ownership information, a jurisdiction’s ability to process group requests and the quality of information exchanges.

In 2016, the Global Forum will embark on an intense program to train its members and its expert assessors for the new round of reviews. Three regional training seminars are already scheduled in the first half of 2016 in Singapore, London and Paris. The first set of 14 reviews is expected to be launched in the second half of 2016.
Automatic Exchange of Information

The new frontier for the Global Forum is the effective global implementation of the AEOI Standard. Following the endorsement of the standard by G20 Leaders in 2014, and the G20’s subsequent commitment to commence automatically exchanging information in 2017 or 2018, almost all financial centres and developed jurisdictions matched the commitments made. There are currently 96 jurisdictions committed to commence exchanging financial account information automatically by 2017 or 2018 (see table below).

Though it was reported to the G20 Leaders in November 2015 that Panama had committed to the standard, this is no longer the case. Following the Global Forum plenary meeting in October 2015 where Panama assured its peers of its commitment to implement the AEOI Standard and start exchanges in 2018, Panama has informed the Global Forum that while it intends to work towards automatic exchange of information, it is not an adherent to the Common Reporting Standard (endorsed by the G20 Leaders as well as the Global Forum as the new global AEOI standard). The Global Forum has engaged extensively with Panama but it has been made clear that Panama cannot commit to the Standard on par with the rest of the committed jurisdictions. Presently Panama, as well as Bahrain, Nauru and Vanuatu, have not committed to implement the AEOI Standard in accordance with the Global Forum’s commitment process. It is important that all financial centres implement the AEOI Standard to ensure both a level-playing-field and that tax evaders are left with nowhere to hide. The table below summarises the intended timelines for first automatic exchanges under the new standard by jurisdictions that have been asked to commit to a 2017/2018 timeline.

AEOI: STATUS OF COMMITMENTS

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<th>JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2017</th>
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<td>Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Curacao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago, Turks and Caicos Islands, United Kingdom</td>
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4. The United States has indicated that it is undertaking automatic information exchanges pursuant to FATCA from 2015 and has 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.
In relation to the 96 jurisdictions committed to implement the AEOI Standard in the next couple of years, the challenge is to move beyond commitment to implementation. This move is already underway around the world. The Global Forum is actively monitoring the progress made by members in implementing their commitments, as requested by the G20, and doing all it can to assist and support in converting the commitments made into practical implementation.

Credit must be given to those jurisdictions that decided to take a leading role and be amongst the first in the world to implement the AEOI Standard and begin exchanging information. This now totals 55 jurisdictions as Chile, Mauritius and Uruguay have decided to commence exchanges in 2018 rather than 2017. In most, but not all cases, this required the legal framework to be in place by the end of 2015 to ensure financial institutions collect the relevant information in 2016 ready to be reported and exchanged in 2017.

Significant progress has been made, evident from the results so far of the real-time monitoring regime the Global Forum put in place following the request to do so from the G20. As far back as 2014, the European Union agreed a legally-binding Directive implementing the AEOI Standard amongst EU Member States with exchanges taking place from 2017 (with one Member State – Austria – being allowed an additional year if needed). While some Member States are still working to finalise their legal frameworks, the deadlines for financial institutions to collect information are included in the Directive and will need to be respected. As for the remaining jurisdictions committed to exchange information in 2017, almost 75% of them have primary legislation in place. This means almost 90% of those exchanging information in 2017 now have the key overarching elements of the legal framework in place, with several more jurisdictions expecting the laws to come into force very soon. There is still intensive work required to ensure that the secondary legislation or regulations are in place, with only 50% of jurisdictions currently having completed the process, albeit with many more expected to do so soon.

While the jurisdictions committing to exchange in 2017 set themselves more pressing implementation timetables as leaders in the international move to automatic exchange, there must also be intensive focus on implementation by those committed to exchanging information in 2018. This is the timeline for the rest of the committed jurisdictions (41 in total) and it must be met to deliver a level-playing-field and ensure that the potential benefits of the move to automatic
exchange are realised. The expectation is that all those committed to exchanging information in 2018 will have primary and secondary legislation in place during 2016. The Global Forum will monitor the progress made, reporting back to the G20, as well as providing assistance where necessary.

The other key element to the legal framework to implement the AEOI Standard is the international legal framework. The Global Forum is pleased to report that almost all of the jurisdictions committed to exchanges in 2017 have signed the multilateral Convention on the Mutual Administrative Assistance in Tax Matters and the associated Multilateral Competent Authority Agreement, required to exchange information with respect to the AEOI Standard. The Global Forum will monitor and report to the G20 on the coming into force of all the international legal arrangements as well as assist those jurisdictions exchanging in 2018 to put the international framework in place.

Given how critical the coming months are to the successful delivery of the commitments made to implement the AEOI Standard, the Global Forum will continue to prioritise its support for members including:

- Close monitoring of delivery of key implementation milestones, including identifying areas where further support may be required.

- Developing and disseminating implementation tools such as the Implementation Handbook for the AEOI Standard, frequently asked questions and legislative tools.

- Regional training events focused specifically on legislative drafting, coaching jurisdictions through the process, and the system and process requirements to keep the information confidential.

- Encouraging adherence to the multilateral Convention on Mutual Administrative Assistance and the Multilateral Competent Authority Agreement and supporting jurisdictions through the process to bring them into effect.

- Continuing the assessments of the confidentiality standards being applied to facilitate the decision-making as to automatic exchange partners, with 49 already finalised and the remaining reports to be completed in 2016.

- Focusing on the IT aspects to implementation, including supporting the putting in place of the systems required to keep the information secure and the transmission of the information between tax administrations (through supporting the common transmission system project).

In order to ensure the successful delivery of the commitments made and to therefore realise the potential benefits of the significant shift towards the automatic exchange of financial account information, there must continue to be a relentless focus on implementation. This will require a strong resolve by all. The Global Forum will continue to monitor the delivery of the commitments and report on the progress being made.
The multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention), developed by the OECD and the Council of Europe, which has always provided for automatic exchange of information, has taken on increasing importance following the G20’s call for automatic exchange to become a new international standard for the exchange of tax information, and the subsequent development of the standard. In 2015, the G20 Finance Ministers asked the Global Forum to report on progress made by its members in signing the Convention.

The number of participating jurisdictions in the Convention has now reached 94, including 3 non-members. The Convention is already in force in 72 of these jurisdictions. Since the last G20 Leaders Summit in November 2015, Kenya, Israel, Niue, Senegal and Uganda have signed the Convention and Saudi Arabia and Singapore have deposited their instruments of ratification. The Convention has entered into force with respect to Germany, Mauritius, People’s Republic of China and San Marino.

Progress has been made by jurisdictions committed to the 2017 / 2018 timeline and developing countries that see a strong value-added in signing the Convention rather than negotiating bilateral agreements. To date two jurisdictions committed to 2017 exchanges have not yet signed and four jurisdictions have not yet ratified the Convention but work is ongoing with all. More work is required with jurisdictions that committed to 2018 exchanges and the OECD and Global Forum Secretariats work jointly to assist members in this regard with a view to ensure that all instruments of ratification are deposited by 31 August 2016, the deadline for ensuring first exchanges in 2018. A full list of jurisdictions participating in the Convention is available in Annex 2.

Given that the Convention provides the ideal instrument to swiftly implement automatic exchange, a multilateral agreement under Article 6 of the Convention, was developed which implements the Standard for automatic exchange, specifying the details of what information will be exchanged and when. While the agreement is multilateral, the actual exchanges are bilateral, with the specific exchange partners always under the control of each jurisdiction.

Since the special ceremony held during the Berlin Global Forum plenary meeting in October 2014, where 51 jurisdictions were the first signatories of the Multilateral Competent Authority Agreement (MCAA), to automatically exchange information based on Article 6 of the Convention, the number of signatories has significantly increased to reach 79. More signatures are expected in 2016, in particular for jurisdictions committed to the 2018 timeline.
Supporting Developing Countries

In an increasingly globalised world, developing countries are the easiest victims of international tax evasion which undermines their growth potential, development and the welfare of their population by directly affecting resource mobilization.

Tax was a significant aspect of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development in July 2015 and of the Addis Tax Initiative. Taxation in all its facets provides the basis for sustainable development and efficient domestic resource mobilisation.

Increasing the flow of information from national and international sources can enable developing countries to target those taxpayers whose affairs should be investigated and to identify the particular issues, expenditures or allowances which require verification or explanation. An important step in enhancing domestic resource mobilisation is, therefore, the promotion of tax transparency and the development of administrative capacity to enable developing countries benefit from exchange of information for domestic tax purposes.

The Global Forum aims to ensure that all of its members can benefit from improvements in global tax transparency. This is not beyond the capability of even the least developed country. Building on experience gained over the last five years and with the continued support of its members, the Global Forum has greatly expanded its assistance to developing country members, who now constitute more than half its membership.

This is the beginning of the second year of the Africa Initiative, a three year strategic focus supporting the effective use of EOI in our African member countries. Six of our African members have come forward as leaders of this initiative (Burkina Faso, Cameroon, Gabon, Ghana, Kenya and Morocco) and are meeting the targets set for the year. These targets include structural changes to the organisation of their EOI work, minimum EOI requests to be sent and the signing of the Convention. Throughout 2016 the Global Forum will continue to provide dedicated training and assistance to these members with events planned in Burkina Faso, Gabon, and Morocco in the first semester of 2016.

Membership in Africa will continue to grow in 2016. Already Chad has joined since the G20 Finance Leaders Summit last November. It is expected that more African countries will join in the near future and some of these will come forward to become First Movers. Meeting their First Mover targets will enable them to quickly benefit from the improved environment of tax co-operation.

The pilot projects on AEOI, endorsed by the G20, and led by the OECD Global Forum Secretariat working with the World Bank Group and its member jurisdictions are progressing well. These are peer to peer knowledge transfers to support developing countries to implement and benefit from AEOI in a timely manner. Five projects have commenced, with the support of specific members, with Albania (Italy), Colombia (Spain), the Philippines (Australia), Morocco (France) and Ghana (United Kingdom). Three of these involve the pilot country being committed to the same timeline for implementation as others, being 2017 or 2018. All developing country members of the Global Forum are welcome to participate in a pilot project and more have already shown interest in participating.
The Global Forum will continue to raise awareness of the importance of tax transparency for developing countries amongst world leaders and policy makers. An induction programme has been developed to enable new members to integrate into the Global Forum and benefit as quickly as possible from membership through country specific technical assistance roadmaps and action plans. Developing country members that have recently joined the Global Forum (Chad, Cote d’Ivoire, Guyana, Niger, Papua New Guinea and Tanzania) will be the first to gain from this.

Since the last Global Forum report to the Leaders, Bulgaria, Morocco, Gabon, Romania, Senegal have all benefited from the assistance of the Secretariat in the preparation of their EOIIR reviews, while 16 jurisdictions in the Caribbean region benefitted from support in legislative drafting and information security management related to the new AEOI Standard. The importance of technical assistance delivered by the Global Forum increases each year as the benefits of EOIIR and AEOI are communicated across more jurisdictions. The increasing requests for technical assistance can only be answered positively thanks to the financial or in-kind support of many member countries, International Organisations and development agencies.
Annex 1: The results of peer reviews

<table>
<thead>
<tr>
<th>JURISDICTION RATINGS FOLLOWING A PHASE 2 REVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia, Belgium, Canada, China (People’s Republic of), Colombia, Denmark, Finland, France, Iceland, India, Ireland, Isle of Man, Japan, Korea, Lithuania, Mexico, New Zealand, Norway, Slovenia, South Africa, Spain, Sweden</td>
</tr>
<tr>
<td>Argentina, Aruba, Austria, Bahamas, Bahrain, Belize, Bermuda, Brazil, British Virgin Islands, Cayman Islands, Chile, Cook Islands, Cyprus, Czech Republic, Estonia, Former Yugoslav Republic of Macedonia, Germany, Ghana, Gibraltar, Greece, Grenada, Guernsey, Hong Kong (China), Hungary, Italy, Jamaica, Jersey, Latvia, Liechtenstein, Luxembourg, Macao (China), Malaysia, Malta, Mauritius, Monaco, Montserrat, Netherlands, Philippines, Poland, Portugal, Qatar, Russia, San Marino, Singapore, Slovak Republic, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Seychelles, Turks and Caicos Islands, United Kingdom, United States, Uruguay</td>
</tr>
<tr>
<td>Andorra, Anguilla, Antigua and Barbuda, Barbados*, Costa Rica Curaçao, Indonesia, Israel*, Samoa, Saint Lucia*, Sint Maarten, Turkey</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JURISDICTIONS NOT YET RATED BECAUSE THEY CANNOT MOVE TO PHASE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federated States of Micronesia, Guatemala, Kazakhstan, Lebanon*, Liberia*, Nauru*, Trinidad and Tobago, Vanuatu*</td>
</tr>
</tbody>
</table>

* The jurisdiction is undergoing a Supplementary review.
# Annex 2: Jurisdictions participating in the Convention on Mutual Administrative Assistance in Tax Matters

## TABLE OF JURISDICTIONS PARTICIPATING IN THE CONVENTION ON MUTUAL ADMINISTRATIVE ASSISTANCE IN TAX MATTERS *

<table>
<thead>
<tr>
<th>Jurisdictions</th>
<th>Current status regarding the Convention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania, Anguilla(^{(1)}), Argentina, Aruba(^{(2)}), Australia, Austria, Azerbaijan, Belgium, Belize, Bermuda(^{(1)}), British Virgin Islands(^{(1)}), Cameroon, Canada, Cayman Islands(^{(1)}), China (People’s Republic of), Colombia, Costa Rica, Croatia, Curacao(^{(3)}), Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands(^{(4)(6)}), Finland, France, Georgia, Germany, Ghana, Gibraltar(^{(1)}), Greece, Greenland(^{(4)(6)}), Guernsey(^{(1)}), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man(^{(1)}), Italy, Japan, Jersey(^{(1)}), Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Moldova(^{(6)}), Montserrat(^{(1)}), Netherlands, New Zealand, Nigeria, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Seychelles, Sint Maarten(^{(5)}), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Tunisia, Turks and Caicos Islands(^{(1)}), Ukraine, United Kingdom.</td>
<td>Convention entered into force</td>
</tr>
<tr>
<td>Saudi Arabia, Singapore.</td>
<td>Instrument of ratification, acceptance or approval deposited</td>
</tr>
<tr>
<td>Andorra, Barbados, Brazil, Bulgaria, Chile, El Salvador, Gabon, Guatemala, Israel, Kenya, Liechtenstein, Monaco, Morocco, Niue, Philippines, Senegal, Switzerland, Turkey, Uganda, United States.</td>
<td>Protocol/amended Convention signed</td>
</tr>
</tbody>
</table>

* This table includes State Parties to the Convention as well as other Global Forum members, including jurisdictions that have been listed in its Annex B naming a competent authority, to which the application of the Convention has been extended pursuant to Article 29 of the Convention. It also includes participating jurisdictions that are not Global Forum members.

\(^{(1)}\) Extension by the United Kingdom.

\(^{(2)}\) Extension by the Kingdom of the Netherlands.

\(^{(3)}\) Extension by the Kingdom of the Netherlands. Curacao used to be a constituent of the “Netherlands Antilles”, to which the original Convention applied as from 1 February 1997.

\(^{(4)}\) Extension by the Kingdom of Denmark.

\(^{(5)}\) Extension by the Kingdom of the Netherlands. Sint Maarten used to be a constituent of the “Netherlands Antilles”, to which the original Convention applied as from 1 February 1997.

\(^{(6)}\) Jurisdictions which are not Global Forum members.