

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



# The 2019 AEOI Implementation Report

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# Executive summary

In 2014, the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) adopted the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard), developed by the OECD working with G20 countries. To deliver a level playing field, the Global Forum launched a commitment process under which 100 jurisdictions committed to implement the AEOI Standard in time to commence exchanges in 2017 or 2018.

Exchanges accordingly commenced in September 2017 between a group of 49 “early adopters” and, in 2018, a total of 90 jurisdictions exchanged information under the AEOI Standard.<sup>1</sup> This year is the second year of widespread exchanges and a total of 94 jurisdictions have exchanged information so far. This is the vast majority of the jurisdictions that committed to implement the AEOI Standard and includes three developing countries not asked to commit to implement the AEOI Standard but which voluntarily did so. Furthermore, the scope of many jurisdictions’ exchange networks has significantly increased since 2018. 2019 therefore represents a further strengthening of the step change to international tax transparency brought about by the implementation of the AEOI Standard and the ability of the international community to ensure tax compliance.

So far in 2019, these 94 jurisdictions have completed around 6 100 bilateral exchanges with each exchange containing detailed information on the financial accounts held in the sending jurisdiction by tax residents of their partner jurisdictions. Even more jurisdictions are expected to commence exchanges in the coming years.

While the vast majority of the jurisdictions committed to commence exchanges in 2017 or 2018 delivered on their commitments, a fully effective AEOI Standard based on a level playing field requires full delivery by all. As set out in this report, there are still a few jurisdictions that are yet to commence their first exchanges.

The Global Forum is therefore working with these jurisdictions to maintain their focus on implementation to complete the delivery of their commitments.

In addition to the delivery of the exchanges, the quality of implementation is crucial. The Global Forum has therefore reviewed each jurisdiction’s domestic legislative frameworks to ensure their compliance with the AEOI Standard and has monitored the international exchange networks being put in place to ensure they are of a sufficient scope to meet the commitments made. The Global Forum is now concentrating on peer reviews to ensure the effective operation of the AEOI Standard in practice.

This is the third detailed annual AEOI implementation report to be published by the Global Forum. Its contents reflect the situation as at 24 November 2019. The latest developments can be found on each jurisdiction’s website and/or on the AEOI Portal.

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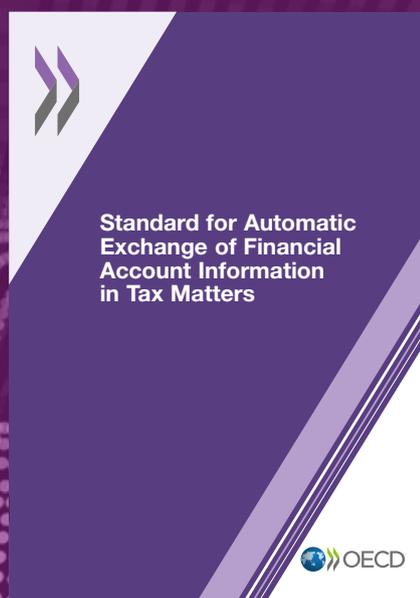
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1. Note that five more jurisdictions experienced significant delays in commencing exchanges but exchanged the information that was due to be exchanged in 2018 in 2019.

# 1 | Delivery of exchanges

## THE AEOI STANDARD AND TAX TRANSPARENCY

**2019 is the third year in which jurisdictions have been undertaking the automatic exchange of information on financial accounts and assets pursuant to the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard). The AEOI Standard incorporates the legal and technical requirements to provide for a complete and standardised model for the automatic exchange of a wide range of financial information, including information on assets and accounts held by banks, insurers and investment entities (such as funds and certain trusts) held by individuals and entities resident offshore. This detailed and standardised approach maximises the potential benefits of the AEOI Standard while, minimising costs for governments and financial institutions.**



The AEOI Standard supplements the Global Forum's other standard of Exchange of Information on Request (EOIR). While the AEOI Standard provides for the automatic exchange of pre-defined financial information that can then be used for risk assessment and to trigger tax investigations, EOIR provides a framework for tax authorities to request and obtain specific information based on ongoing compliance activities, including as follow-up to information exchanged automatically. The combination of the two frameworks therefore provides an effective foundation to helping ensure the integrity of the international community's tax systems in the globalised world of the financial sector.

Although the move to the AEOI Standard is still relatively recent, it is already having a significant impact. As reported by the OECD Secretary General to the G20 Leaders in Osaka, Japan (June 2019), in 2018 information relating to 47 million financial accounts was exchanged with a combined value of around EUR 4.9 trillion. The AEOI Standard further contributed to the international community recouping over EUR 100 billion in additional revenue (tax, interest, penalties) through voluntary compliance mechanisms and other offshore investigations.

## THE 2019 EXCHANGES

The results of the 2019 exchanges compared to the 2018 exchanges as reported by each jurisdiction are set out in Table 1 below. Overall, so far in 2019 a total of 94 jurisdictions automatically exchanged information.

Part 1 of Table 1 sets out the number of partner jurisdictions to which each jurisdiction sent information in 2018 and 2019 respectively. It shows a significant increase in the scope of exchanges between 2018 and 2019.

Part 2 of Table 1 shows the jurisdictions that have not yet completed their technical implementation of the AEOI Standard, demonstrated by the jurisdiction successfully linking up to the Common Transmission System (CTS) set up by the OECD's Forum on Tax Administration and managed by the Global Forum. This is generally the final step in the implementation process. These jurisdictions are therefore those jurisdictions that have the necessary legal frameworks in place but that have not yet successfully tested and linked up to the CTS.

Jurisdictions without the complete legal frameworks in place are shown in Part 3 of Table 1. While some elements of the legal frameworks can take significant time to address, others can be addressed more quickly.

It is important to note that it is fully expected that jurisdictions send information to fewer partners than all other jurisdictions that are implementing the AEOI Standard. This is because the number of exchanges is dependent on various factors specific to each jurisdiction. Firstly, the number of exchange partners a jurisdiction has is driven by the number of jurisdictions interested in receiving information from that jurisdiction. Some jurisdictions do not wish to receive information. This includes 12 jurisdictions that do not have systems for direct taxation and therefore exchange information only on a non-reciprocal basis (i.e. they send but do not receive information).<sup>2</sup> Secondly, even

where a jurisdiction is interested in receiving information, it must have put in place the complete domestic and international legal frameworks and a mechanism to exchange the information before it can commence exchanges. As set out in Part 3 of Table 1 below, 3 jurisdictions still do not have these elements in place. Thirdly, information is not expected to be sent to jurisdictions that do not have the necessary confidentiality and data safeguard standards in place.

It should also be noted that Part 1 of Table 1 only shows the exchanges that took place in 2018 and 2019. It does not provide an assessment of the quality of the information exchanged, which the receiving jurisdictions are currently processing and utilising. This will be part of the Global Forum's reviews of the effectiveness of the implementation of the AEOI Standard in practice, due to commence in 2020.

TABLE 1. Exchanges in 2018 and 2019

PART 1: JURISDICTIONS THAT HAVE EXCHANGED INFORMATION SO FAR			
Jurisdiction	Year of commitment to first AEOI 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
1. Andorra	2018	39	59
2. Anguilla	2017	4	52
3. Antigua and Barbuda <sup>a</sup>	2018	36	35
4. Argentina	2017	56	67
5. Aruba	2018	50	58
6. Australia	2018	57	64
7. Austria	2018	46	61
8. Azerbaijan <sup>b</sup>	2018	33	53
9. Bahamas	2018	36	48
10. Bahrain	2018	38	50
11. Barbados	2018	57	44
12. Belgium	2017	66	69
13. Belize	2018	47	59
14. Bermuda	2017	52	61
15. Brazil	2018	56	67
16. British Virgin Islands	2017	50	64
17. Bulgaria <sup>c</sup>	2017	60	-
18. Canada	2018	56	59
19. Cayman Islands	2017	57	64
20. Chile	2018	48	63

2. Anguilla, The Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Kuwait, Marshall Islands, Nauru, Qatar, Turks and Caicos Islands and United Arab Emirates.

## Delivery of exchanges

PART 1: JURISDICTIONS THAT HAVE EXCHANGED INFORMATION SO FAR			
Jurisdiction	Year of commitment to first AEOI 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
21. China (People's Republic of)	2018	52	64
22. Colombia	2017	60	65
23. Cook Islands	2018	45	62
24. Costa Rica	2018	49	67
25. Croatia	2017	60	65
26. Curaçao	2018	57	57
27. Cyprus <sup>d</sup>	2017	59	67
28. Czech Republic	2017	60	60
29. Denmark	2017	66	69
30. Estonia	2017	62	66
31. Faroe Islands	2017	57	67
32. Finland	2017	66	69
33. France	2017	62	66
34. Germany	2017	63	68
35. Ghana <sup>b</sup>	2019	N/A	56
36. Gibraltar	2017	51	59
37. Greece	2017	67	68
38. Greenland	2018	57	67
39. Grenada	2018	41	35
40. Guernsey	2017	61	64
41. Hong Kong, China	2018	36	45
42. Hungary	2017	57	66
43. Iceland	2017	59	64
44. India	2017	60	67
45. Indonesia	2018	59	66
46. Ireland	2017	66	69
47. Isle of Man	2017	57	64
48. Israel <sup>a</sup>	2018	41	55
49. Italy	2017	64	67
50. Japan	2018	55	67
51. Jersey	2017	58	65
52. Korea	2017	59	67
53. Kuwait <sup>e</sup>	2019	34	52
54. Latvia	2017	56	66
55. Lebanon	2018	27	59
56. Liechtenstein	2017	50	60
57. Lithuania	2017	63	66
58. Luxembourg	2017	66	69

PART 1: JURISDICTIONS THAT HAVE EXCHANGED INFORMATION SO FAR			
Jurisdiction	Year of commitment to first AEOI 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
59. Macau (China)	2018	36	48
60. Malaysia	2018	42	64
61. Malta	2017	61	67
62. Marshall Islands	2018	1	57
63. Mauritius	2018	58	65
64. Mexico	2017	60	67
65. Monaco	2018	34	58
66. Nauru	2018	48	68
67. Netherlands	2017	61	65
68. New Zealand	2018	55	65
69. Norway	2017	64	68
70. Pakistan <sup>b</sup>	2018	40	55
71. Panama	2018	32	58
72. Poland	2017	66	69
73. Portugal	2017	66	69
74. Qatar	2018	9	49
75. Romania	2017	59	65
76. Russia	2018	50	58
77. Saint Kitts and Nevis	2018	25	62
78. Saint Lucia	2018	40	61
79. Saint Vincent and the Grenadines <sup>a</sup>	2018	65	56
80. Samoa	2018	45	59
81. San Marino	2017	57	63
82. Saudi Arabia	2018	56	65
83. Seychelles	2017	55	66
84. Singapore	2018	50	62
85. Slovak Republic	2017	62	67
86. Slovenia	2017	64	69
87. South Africa	2017	57	63
88. Spain	2017	66	69
89. Sweden	2017	61	66
90. Switzerland	2018	36	62
91. Turkey	2018	1	2
92. Turks and Caicos Islands <sup>f</sup>	2017	44	–
93. United Arab Emirates	2018	43	53
94. United Kingdom	2017	62	68
95. Uruguay	2018	59	67
96. Vanuatu <sup>a</sup>	2018	20	42

## Delivery of exchanges

PART 2: JURISDICTIONS THAT HAVE NOT YET EXCHANGED INFORMATION BECAUSE THEIR TECHNICAL IMPLEMENTATION IS ONGOING		
Jurisdiction	Year of commitment to first AEOI exchanges	Status
1. Dominica	2018	Have not yet signed the CTS user agreement
2. Montserrat	2017	Domestic IT implementation ongoing
3. Niue	2018	Have signed the CTS user agreement

PART 3: JURISDICTIONS THAT HAVE NOT YET EXCHANGED INFORMATION BECAUSE THEIR LEGAL IMPLEMENTATION IS ONGOING		
Jurisdiction	Year of commitment to first AEOI exchanges	Status
1. Brunei Darussalam	2018	International legal framework not in place
2. Sint Maarten	2018	Domestic legal framework not in place
3. Trinidad and Tobago	2018	Domestic and international legal frameworks not in place

### Notes:

- These jurisdictions were significantly delayed so did not commence AEOI exchanges in 2018 (i.e. data collected for 2017 reporting year) but exchanged the information in 2019. As the exchanges are generally reciprocal, this may therefore also be reflected in the timing of the exchanges with respect to their exchanges partners.
- These jurisdictions are developing countries that were not asked to commit to implement the AEOI Standard to a particular timeline, but did so voluntarily.
- Bulgaria has temporarily suspended exchanges while it strengthens its confidentiality and data safeguarding frameworks
- Note by Turkey:* The information in the documents with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".  
*Note by all the European Union Member States of the OECD and the European Union:* The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in the documents relates to the area under the effective control of the Government of the Republic of Cyprus.
- Kuwait was originally expected to commence exchanging information in 2018 but postponed its commitment to 2019. Kuwait has exchanged in 2019 information on 2017 and 2018 reporting years.
- Due to technical difficulties, the Turks and Caicos Islands is delayed in undertaking exchanges in 2019.

The results presented in Table 1 show that the vast majority of jurisdictions successfully exchanged information based on expanded networks of exchange partners, showing further progress in international cooperation on tax transparency. However, in order for the AEOI Standard to be fully effective, it must be based on a level playing field. It is therefore important that the jurisdictions that have not yet exchanged as committed address the remaining issues causing the delays as soon as possible.

## THE ROLE OF THE GLOBAL FORUM IN DELIVERING A LEVEL PLAYING FIELD

Delivering the benefits of the AEOI Standard relies on there being a level playing field internationally, both in relation to its widespread adoption and in relation to the effectiveness in its implementation. The Global Forum's role is to support this objective through its commitment process and through its ongoing monitoring and peer review processes.

### The Global Forum's commitment process

In 2014, soon after the AEOI Standard was developed and recognising that it would complement its existing standard on EOIR, the Global Forum endorsed the AEOI Standard and put in place a process to deliver its global implementation through collective commitments to implement it to agreed timelines.

**All Global Forum members, except developing countries that do not host a financial centre, were specifically asked to commit to:**

Around 6 100 exchanges  
in 2019,  
up **36%**

1. implement the AEOI Standard;
2. exchange information with all interested appropriate partners (defined as those jurisdictions interested in receiving information and that meet the expected standards in relation to confidentiality and data safeguards); and
3. commence exchanges in 2017 or 2018.

To ensure an ongoing level playing field, the Global Forum has a process to identify further jurisdictions that are relevant with respect to the AEOI Standard which are then asked to commit to implement the AEOI Standard to particular timelines and on the same basis as the other jurisdictions were asked to do. This has already been used in a number of cases. Further jurisdictions have also voluntarily committed to exchanges in 2019 and 2020 on the same basis as the others. The commitments to date are set out in Table 2 below.

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

### Developing countries

Developing countries that do not host a financial centre were not asked to commit to particular timelines to implement the AEOI Standard, recognising the particular challenges they face to implement AEOI and the lower risk they pose to the level playing field. They were instead offered the possibility to participate in pilot projects, along with a partner jurisdiction, to assist them in implementing AEOI. Six pilot projects are currently underway: Albania and Italy; Egypt and the United Kingdom; Ghana and

TABLE 2. AEOI commitments<sup>a</sup>

JURISDICTIONS COMMITTED TO FIRST EXCHANGES IN 2017 (49)
Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks and Caicos Islands, United Kingdom
JURISDICTIONS COMMITTED TO FIRST EXCHANGES IN 2018 (51)
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan <sup>b</sup> , The Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Curacao, Dominica, Greenland, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Lebanon, Macau (China), Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan <sup>b</sup> , Panama, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, Uruguay, Vanuatu
JURISDICTIONS COMMITTED TO FIRST EXCHANGES IN 2019 (2)
Ghana <sup>b</sup> , Kuwait <sup>c</sup>
JURISDICTIONS COMMITTED TO FIRST EXCHANGES BY 2020 (7)
Albania <sup>b</sup> , Ecuador <sup>b</sup> , Kazakhstan <sup>d</sup> , Maldives <sup>b</sup> , Nigeria <sup>b</sup> , Oman <sup>c</sup> , Peru <sup>b</sup>

Notes:

- a. 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.
- b. Developing countries that do not host a financial centre and were not asked to commit to a specific date to exchange information, but have done so voluntarily.
- c. 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.
- d. Kazakhstan established its financial centre in 2018 and since then would have been expected to commit to exchange under the AEOI Standard to a particular timeline. It however voluntarily committed to implement the AEOI Standard.

## Delivery of exchanges

the United Kingdom; Georgia and Germany; Morocco and France; and the Philippines and Australia. The pilot projects between Colombia and Spain, and Pakistan and the United Kingdom, came to successful conclusions with Colombia commencing exchanges under the AEOI Standard in 2017 and Pakistan in 2018. Azerbaijan, which also voluntarily committed to implement the AEOI Standard, commenced exchanges in 2018.

It is also anticipated that other developing countries will commence exchanges in the coming years. Albania, Ecuador, Kazakhstan, Maldives, Nigeria, Oman and Peru are all expecting to commence exchanges in 2020.

The Global Forum has published its developing country strategy, the **Global Forum's Plan of Action for Developing Countries Participation in AEOI**, which contains further details on the approach taken to ensure developing countries can benefit from the AEOI Standard.<sup>3</sup> Other developing countries have come forward in response to this plan of action and assistance is being provided to help ensure they can benefit from this step forward in tax transparency.

### Monitoring the timeliness of the delivery of exchanges

Following the launch of the commitment process, the Global Forum put in place a monitoring mechanism to track the delivery of all the key milestones in the implementation of the AEOI Standard (including in response to a specific request by the G20 to monitor and review the implementation of the AEOI Standard<sup>4</sup>). The status of the implementation of the AEOI Standard by those committed to commence the exchange of information in 2017, 2018 or 2019 are set out in the following parts of this report.

### Reviewing the quality of the implementation of the AEOI Standard

The quality of implementation is important to ensure an effective AEOI Standard based on a level playing field. The Global Forum therefore conducts peer reviews to ensure this.

### Initial reviews under the "Staged Approach"

To assess and assist in the quality of implementation during the implementation process, the Global Forum put in place the "Staged Approach", which included reviews of key areas of AEOI implementation that could be assessed prior to exchanges taking place. These reviews are coming to an end in 2019. The main elements of these reviews are summarised below, with further details contained in Annex A.

- The Global Forum conducted preliminary assessments of all jurisdictions before they commenced exchanging information with respect to the **confidentiality and data safeguard frameworks** they have in place to provide comfort that the jurisdictions have implemented the expected standards. Assistance is provided where needed to address any gaps prior to the exchange of information.
- The Global Forum has also been reviewing each jurisdiction's **domestic legislative framework** implementing the AEOI Standard as set out below:
  - a). First the **due diligence and reporting rules** that financial institutions must follow are reviewed to ensure they reflect the requirements of the AEOI Standard. Where gaps are identified then recommendations are made to address them.

### ACHIEVEMENTS OF THE STAGED APPROACH

- Detailed monitoring reports of AEOI implementation;
- Assistance provided where needed;
- All jurisdictions assessed in relation to confidentiality and data safeguards pre-exchange;
- All domestic and international legal frameworks reviewed;
- Around 550 jurisdiction-specific exclusions from the AEOI Standard reviewed.

3. OECD (2017), The Global Forum's Plan of Action for Developing Countries Participation in AEOI, OECD, Paris, <https://www.oecd.org/tax/transparency/plan-of-action-AEOI-and-developing-countries.pdf>.

4. The G20 Leaders in 2013 officially endorsed automatic exchange of information as the new global tax information exchange standard and noted the "clear need for the practical and full implementation of this new tax standard on a global scale." At that time the G20 Leaders also asked the Global Forum to establish a mechanism to monitor and review the implementation of the new global standard on automatic exchange of information. See <http://en.g20russia.ru/documents/>.

- b). The Global Forum has also reviewed each jurisdiction's **exclusions from the AEOI Standard** (i.e. the non-reporting financial institutions and excluded accounts), amounting to around 550 in total. This is to ensure that the exclusions are in accordance with the requirements of the AEOI Standard. Where this is not the case then a recommendation is made for the jurisdiction to remove the exclusion.
- The Global Forum also monitors and reviews the **international legal framework** being put in place by each jurisdiction (i.e. the networks of exchange agreements). This includes two elements:
  - a). **Facilitating agreements being put in place** and providing a mechanism to address cases where there are concerns regarding delays.
  - b). **Reviewing the contents of the international exchange agreements** to ensure they contain the requirements set out in the AEOI.
- Finally, the Global Forum is monitoring the putting in place of the necessary **IT and operational procedures** to ensure the data can be exchanged on time and in accordance with the requirements.

### Reviewing the effectiveness of the implementation of the AEOI Standard in practice and drawing conclusions

With the reviews of the legal frameworks essentially complete and with widespread exchanges now fully underway, the Global Forum is shifting its focus to assessing the effectiveness of each jurisdiction's implementation of the AEOI Standard in practice. The Global Forum adopted Terms of Reference for these reviews at its 2018 plenary (the AEOI ToR).<sup>5</sup> During 2019 the jurisdictions implementing the AEOI Standard also tested tools and procedures to assess its effectiveness in practice and the methodology to conduct the reviews was adopted at its 2019 plenary. These reviews will be launched in 2020 and include the review of the following key areas:

1. The **effectiveness in practice** of each jurisdiction's implementation of the AEOI Standard. This includes a review of the **administrative compliance frameworks**

each jurisdiction has in place to ensure the ongoing compliance with the requirements by financial institutions and obtaining **feedback from each jurisdiction's exchange partners** on the timeliness and quality of the information received, including in relation to its completeness and conformity with the technical requirements.

2. **Post-exchange confidentiality assessments** of the systems being used for AEOI to ensure that the standards are maintained on an ongoing basis and in response to evolving data security threats.

Following the completion of these assessments, determinations will be made in relation to the extent to which each jurisdiction has the legal frameworks in place and ratings will be issued in relation to the effectiveness of each jurisdiction's implementation of the AEOI Standard in practice. The legal determinations will be made in 2020 and the effectiveness ratings will be issued in 2021.

## Reviews of the implementation of AEOI in practice to commence in 2020.

### STRUCTURE OF THE REPORT

Exchanges under the AEOI Standard are the culmination of the successful implementation by each jurisdiction of several legal and technical requirements which entail: (i) the introduction of detailed domestic and reporting rules requiring financial institutions to collect and report the data to be exchanged and ensuring they are complied with in practice, (ii) the putting in place of international agreements with each partner to deliver exchanges with all interested appropriate partners, and operationalising them. The subsequent parts of this report therefore set out in further detail what each requirement to implement the AEOI Standard is, what has been achieved and what still remains to be done.

5. OECD (2019), The framework for the full AEOI reviews: the Terms of Reference, OECD, Paris, <http://www.oecd.org/tax/transparency/AEOI-terms-of-reference.pdf>.

## 2 | Domestic collection of the information

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This part addresses the putting in place of the domestic legal frameworks requiring financial institutions to carry out the due diligence and reporting procedures as well as their effectiveness in practice, including the effectiveness of the administrative compliance and enforcement measures each jurisdiction has in place.

### TIMELINESS OF THE PUTTING IN PLACE OF THE DOMESTIC LEGISLATIVE FRAMEWORK

To meet the commitment to exchange information under the AEOI Standard, jurisdictions need to put in place domestic legislation requiring financial institutions to implement the due diligence procedures and to collect the information in the prior calendar year. With respect to the exchanges that were due to take place in 2019, two jurisdictions still do not have the required domestic legal framework in place: Sint Maarten and Trinidad and Tobago, both of which were asked to commence exchanges in 2018 under the Global Forum's commitment process and which therefore continue to fail to deliver on the commitment made.

98%

of jurisdictions have the DOMESTIC legal framework in place.

TABLE 3. Jurisdictions without the complete domestic legislative framework in place

Jurisdiction	Year of commitment	Primary legislation	Secondary legislation / regulations
Sint Maarten	2018	Not in place	Not in place
Trinidad and Tobago	2018	Not in place	Not in place

### ASSESSING THE DOMESTIC COLLECTION OF THE INFORMATION

As set out above, the implementation of the domestic legal frameworks has already been assessed as part of the Staged Approach. Where gaps are identified or non-compliant exclusions from the AEOI Standard are provided for, recommendations were made to address the issues as soon as possible and to report to the Global Forum within 12 months on the progress made to address them.

**525**

**recommendations made  
to address gaps in legal frameworks  
with 78 already addressed**

These processes have resulted in 525 recommendations being made for jurisdictions to improve their domestic legal frameworks. Many jurisdictions have already taken action to address the recommendations made. Accordingly, the Global Forum has already conducted 16 re-assessments to take into account the action taken and a total of 78 recommendations have already been addressed as a result of the review process.

Determinations on the extent to which each jurisdiction has the necessary domestic legal framework in place will be made in 2020.

The tools and processes for the assessment of the effectiveness in practice of the domestic collection of the information were test run in 2019. This included tools relating to the domestic administrative compliance frameworks jurisdictions have in place to ensure that financial institutions effectively implement the due diligence and reporting procedures contained in the domestic legislative frameworks. In the course of the test run, many jurisdictions already provided details on their administrative compliance framework. This was to assist in refining the assessment tools and processes, but also provided an opportunity for feedback to be given to those jurisdictions and for examples of the different elements of the administrative compliance framework jurisdictions have in place to be shared to assist others.

Starting in 2020, jurisdictions' administrative compliance frameworks will be assessed to identify any deficiencies with recommendations made accordingly. Ratings in relation to the effectiveness of each jurisdiction's implementation of the requirements in relation to the domestic collection of the information in practice will be issued in 2021.

# 3 | International exchange of the information

This part of the report relates to the requirements with respect to the international exchange of the information, which include requirements in relation to putting in place a legal framework for exchange and in relation to the effectiveness of the exchanges in practice.

## TIMELINESS OF PUTTING IN PLACE THE INTERNATIONAL LEGAL FRAMEWORK

To meet their commitments to exchange, jurisdictions need to have in place an international legal framework that allows for exchanges in accordance with the AEOI Standard.

The international legal framework is comprised of a legal basis for AEOI and an operative level competent authority agreement that contains the details of the exchanges. The vast majority of the exchanges are taking place under the multilateral instruments: the multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention) and the CRS Multilateral Competent Authority Agreement (the CRS MCAA). The operationalisation of the exchanges based on the CRS MCAA requires a jurisdiction to first ratify the Convention (as it provides the legal basis for the exchange relationship). The Convention must also be in effect with respect to the period to which the information being exchanged relates. Once a jurisdiction has the Convention in effect and has signed the CRS MCAA, it must then activate the CRS MCAA for exchanges in relation to each bilateral exchange partner with which it will exchange information (i.e. the exchanges themselves take place on a bilateral basis). It is also possible to put in place equivalent bilateral agreements. To date, 100 jurisdictions have the international legal framework in place, representing 98% of the committed jurisdictions; Table 4 below lists jurisdictions that are still in the process of doing so. They are all taking the multilateral approach to exchange, but have yet to complete the process of putting the international legal framework in place.

TABLE 4. Jurisdictions that do not yet have the international legal framework in place

Jurisdictions asked to commit to 2018 exchanges		
Jurisdiction	Convention	CRS MCAA
Brunei Darussalam	Ratified	Not signed
Trinidad and Tobago	Not signed	Not signed

Out of the jurisdictions that were asked to commit to first exchanges by 2018, two are still in the process of finalising their international exchange frameworks. Trinidad and Tobago has not yet ratified the Convention nor has it signed the CRS MCAA. Brunei Darussalam has ratified the Convention but has yet to sign the CRS MCAA.

98%

**of jurisdictions have the  
INTERNATIONAL legal framework in place.**

### ASSESSING THE INTERNATIONAL EXCHANGE OF THE INFORMATION

Importantly, delivering exchanges is not sufficient to fulfil the commitment to implement the AEOI Standard. Jurisdictions should have exchange relationships in effect with all interested appropriate partners (jurisdictions that have expressed an interest in receiving information from the jurisdiction in question and that meet the required standards in relation to confidentiality and data safeguards) as committed to and that provide for the exchange of information in accordance with the Model Competent Authority Agreement (CAA).

To this end, the Global Forum monitors and reviews the networks of exchange agreements being put in place. This includes facilitating and ensuring that agreements are put in place with all interested appropriate partners as well as reviewing the contents of the international exchange agreements against the requirements of the AEOI Standard (in practice the vast majority of the exchanges are conducted using the multilateral instruments, but any bilateral agreements are reviewed in this regard). Overall, all of the agreements were found to be in line with the AEOI Standard and no recommendations were made. There were also no recommendations made with respect to the coverage of the exchange agreements (i.e., the scope of the exchange networks).

Again, determinations will be made in 2020 on the extent to which each jurisdiction has the international legal framework in place.

Once the international legal framework is in place, the exchanges need to be operationalised. All jurisdictions exchanging have so far decided to use the CTS in

order to securely exchange the information, and have successfully enrolled into the system accordingly. This includes the signing of a user agreement and the successful testing of the use of the CTS before it is used to exchange information.

Table 5 below shows the status of the jurisdictions that are still in the process to link up to the CTS in order to commence exchanging information.

**TABLE 5. Jurisdictions that are not yet ready to transmit information through the CTS**

Jurisdictions asked to commit to 2018 exchanges	
Jurisdiction	CTS status
Brunei Darussalam	Testing phase in the CTS
Dominica	Have not yet signed the CTS user agreement
Niue	Have signed the CTS user agreement
Sint Maarten	Have not yet signed the CTS user agreement
Trinidad and Tobago	Have not yet signed the CTS user agreement

As noted above, the reviews of the effectiveness of each jurisdiction's implementation of the AEOI Standard are set to commence in 2020. With respect to the international exchange of information, the scope of the effectiveness reviews relates to the exchanges taking place in a timely manner, using appropriate transmission methods and the information being exchanged in accordance with the technical requirements of the AEOI Standard. Feedback from the exchanges that took place in 2018 suggests that the vast majority of exchanges took place as planned. Jurisdictions have also been working closely together to resolve any teething issues that occurred.

## 4 | Confidentiality and data safeguards

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**Jurisdictions must also keep the information exchanged confidential and properly safeguarded, and use it only in accordance with the exchange agreement under which it was exchanged.**

All jurisdictions undergo a pre-exchange assessment conducted by a panel of experts from Global Forum member jurisdictions to determine whether their confidentiality and data safeguard frameworks, both legally and operationally, meet the required standards. Where gaps are identified then no partner jurisdictions are expected to send the jurisdiction information until the gaps are addressed. Assistance is provided in addressing the gaps where needed.

The Global Forum also has a mechanism that is triggered in the event of breaches of confidentiality or the safeguarding of data. This was triggered in 2019, as reported publicly. The exchanges with respect to the jurisdiction concerned were suspended. Actions are being taken by the jurisdiction concerned to address the issues involved, with the ongoing support of the Global Forum.

The Global Forum will conduct post-exchange assessments with respect to the actual systems being used for exchange. These assessments are scheduled to start in 2020 and some jurisdictions have volunteered to have an early assessment in the last quarter of 2019. As in the case of the pre-exchange assessments, should any gaps be identified, partner jurisdictions will not be expected to continue sending their AEOI data until the identified issues are resolved.

## 5 | Conclusion

**It has been a momentous few years for tax transparency and the move to AEOI. With many jurisdictions commencing exchanges under the AEOI Standard in 2017 and with the first widespread exchanges amongst almost 100 jurisdictions in 2018, it has been a step change in the international community's ability to improve tax compliance and to fight against tax evasion through individuals and entities holding undeclared financial accounts abroad.**

The 2019 exchanges consolidated the achievements so far but also marked a further increase in the scope of the exchanges with new jurisdictions starting their first exchanges and exchange networks being significantly increased. There are still, however, a few jurisdictions that although asked to commit and exchange data pursuant to the AEOI Standard in 2018, are yet to commence their first exchanges. The Global Forum will continue to closely monitor the situation and engage with these jurisdictions to press them to deliver on their commitments as soon as possible. Assistance will continue to be provided where needed.

2019 was also a transition year with respect to the Global Forum's peer review processes with the completion of the legal assessments and the test run of tools and processes to assess the effectiveness in practice of each jurisdiction's implementation of the AEOI Standard, set to commence next year.

The emphasis in the coming years will therefore be on assessing the effectiveness of the implementation of the AEOI Standard in practice, including through examining the administrative compliance frameworks each jurisdiction has in place to ensure that financial institutions comply with their obligations and providing mechanisms for exchange partners to highlight issues with the quality of the information received. Following the adoption by the Global Forum of the Terms of Reference for these AEOI peer reviews in 2018, the Global Forum has now agreed to the Methodology to conduct the assessments from 2020.

Determinations with respect to the extent to which each jurisdiction has in place the required legal frameworks will then be made in 2020 and ratings with respect to the effectiveness in practice of each jurisdiction's implementation of the AEOI Standard will be issued in 2021.

# Annex A. The Staged Approach: monitoring, assessing and supporting the implementation of the AEOI Standard

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In recognition that all of the requirements of the AEOI Standard could be reviewed once exchanges take place, the Global Forum put in place a “Staged Approach” to monitor, assess and assist in the implementation of the AEOI Standard while it is being implemented.

Laying at the centre of the approach is the identification of the key areas of the implementation of the AEOI Standard that can be monitored or assessed in advance of exchanges taking place, to identify and address any issues early on and to help ensure effective implementation from the start.

Outlined in the figure opposite is each module of the Staged Approach. These are described in further detail below.

## **1. Commitments and monitoring implementation**

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

## **2. Expert confidentiality and data safeguard assessments**

– Each jurisdiction is assessed by a panel of experts from member jurisdictions in relation to the confidentiality and data safeguard standards to ensure they meet the requirements prior to the jurisdiction receiving information. Assistance is provided where necessary.

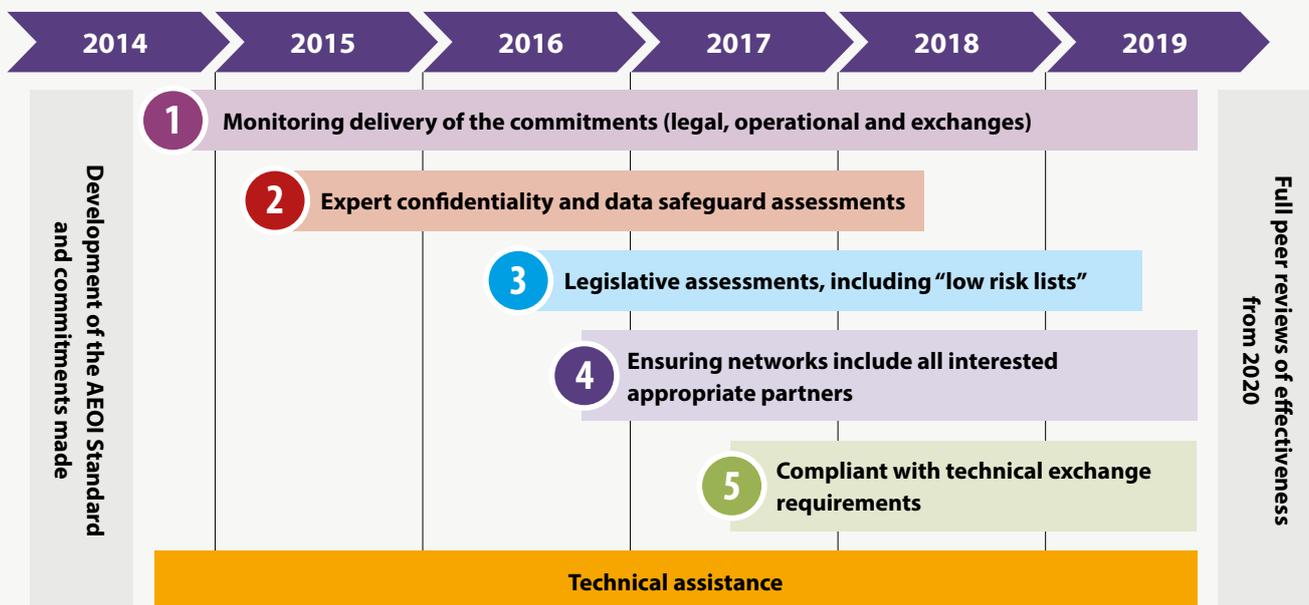
## **3. Legislative assessments, including low-risk lists**

– Before exchanges, the domestic legislative frameworks that have been put in place are also reviewed. A peer review process of legislative gap analysis is undertaken to ensure all the key elements of the AEOI Standard are reflected in each jurisdiction’s domestic legal framework. This includes the assessment of each jurisdiction’s specific lists of non-reporting financial institutions and excluded accounts to ensure their conformity with the AEOI Standard. Where gaps are found, recommendations are made.

## **4. Ensuring networks include interested appropriate partners**

– Each commitment to implement the AEOI Standard includes a commitment to exchange information with “all Interested Appropriate Partners”. The Global Forum has a process to monitor the putting in place of exchange agreements between

FIGURE 1. The Staged Approach



partners, to facilitate further agreements where partners are interested, and a peer review process to determine how to address any gaps.

##### 5. Compliance with the technical exchange

**requirements** – Each jurisdiction’s technical readiness to exchange is also being monitored in detail.

**6. Technical assistance** – Meanwhile, throughout the implementation period, the Global Forum has been providing technical assistance where needed.

##### 7. Reviews of the effectiveness of the implementation

**of the AEOI Standard** – Ultimately, what matters is how the AEOI Standard operates in practice. While this can be done only when exchanges are fully underway, the Global Forum has already agreed on a Terms of Reference and the methodology for the future reviews of the effectiveness of the implementation of the AEOI Standard. These are due to commence in 2020.



For more information:



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