



Convegno

# CRS, DAC2 E FATCA

## Sinergie e differenze

#fatcacr

Roma - Scuderie di Palazzo Altieri  
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## OECD-G20 WORK ON AUTOMATIC EXCHANGE OF INFORMATION



Opera: "Occasirevelator" di Guido D'Uy Gorn

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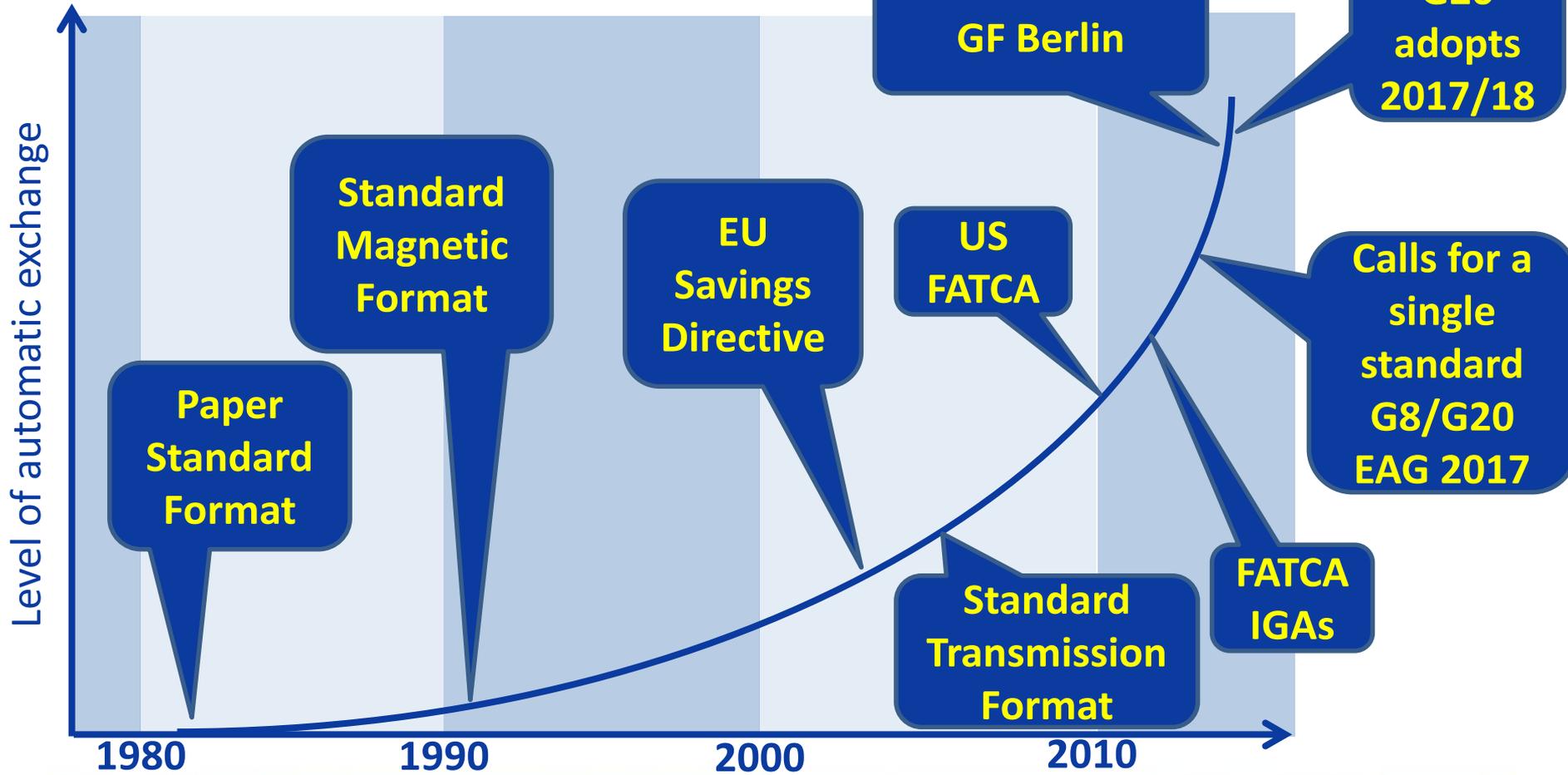
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# AEOI – A history



# Background and context

## G20 Leaders, Nov 2014

“... we endorse the global Common Reporting Standard for the automatic exchange of tax information (AEOI) ...”

“We will begin to exchange information automatically with each other and with other countries by 2017 or end-2018 ...”

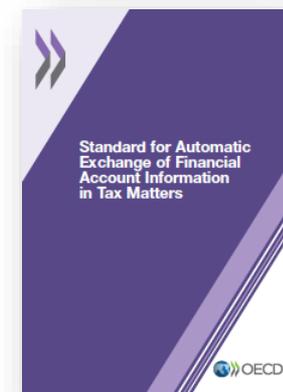


“We welcome financial centres’ commitments to do the same and call on all to join us.”

# Key components of the Standard

## 1. Common Reporting Standard (CRS)

- Defines reporting and due diligence rules for financial institutions
- To be translated into domestic law by participating jurisdictions
- Based on FATCA, to leverage investments made by financial institutions and governments, with some amendments to remove US specificities and take into account multilateral context



## 2. Model Competent Authority Agreements (Model CAAs)

- To activate the exchange of information collected under the CRS
- To be used in combination with any underlying legal instrument permitting AEOI (e.g. Article 26 of the OECD Model Tax Convention or Article 6 of MAAC)

# Key components of the Standard

## 3. Commentaries on CRS and Model CAA

- To ensure consistent implementation and ensure equal level playing field

## 4. Data transmission format (CRS XML Schema) & data transmission and encryption standards

- CRS XML schema for exchange under CRS was built in parallel with FATCA XML schema to maximise consistency
- Schema can also be used for domestic reporting

# Building on FATCA, EU Savings Directive and FATF

## Similar scope of information reported

- Personal data: name, address, tax residence, TIN
- Financial data: account balance, investment income, sales proceeds from financial assets

## Similar scope of financial institutions required to report

- Banks, custodians, insurance companies and investment entities (e.g. certain collective investment vehicles)

## Similar scope of account holders subject to reporting

- Individuals
- Entities (including trusts and foundations)
- Controlling persons (i.e., beneficial owners) of entities

## Similar Due diligence procedures

- Distinction pre-existing /new, individual/entity, lower value/high value accounts

# Main differences from FATCA

## Individuals

- Residence (not citizenship)
- No thresholds
- Residence address test for pre-existing accounts building on EU Savings Directive
- Simplified indicia search

## Entities

- Look-through for professionally managed investment entities in non-participating jurisdictions

## Low risk FIs and products

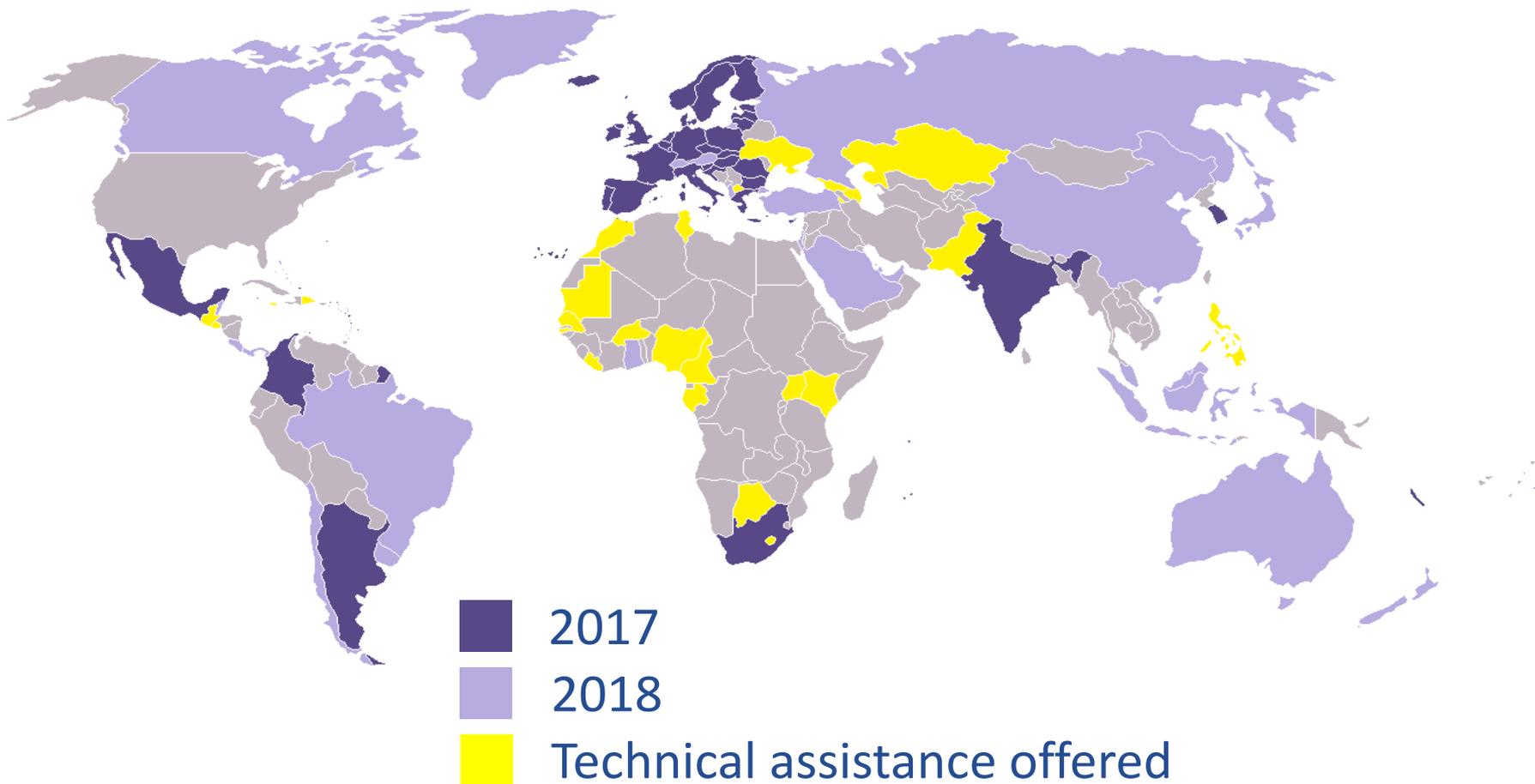
General exclusion for country specific low-risk reporting financial institutions and accounts

# Breadth of commitments



**Global Forum Plenary meeting October 2014: > 90 jurisdictions commit to exchange information automatically in 2017/18**

# Breadth of commitments – Now 96

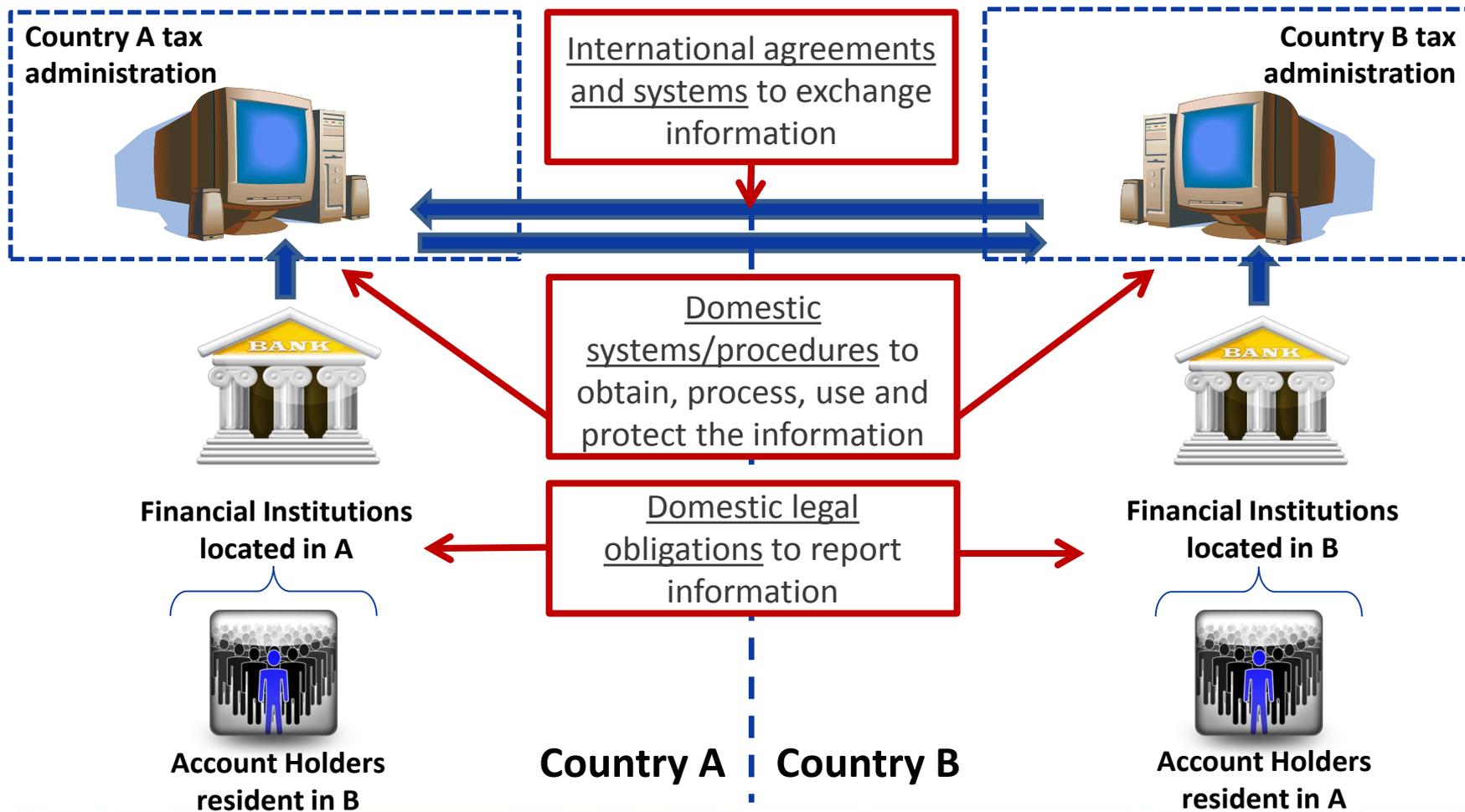


# Still high on the G20 agenda

**G20 leaders 16 November 2015:**

**“ We reaffirm our previous commitments to information exchange on-request as well as to automatic exchange of information by 2017 or end-2018.”**

# From commitments to reality



# Implementation status

- **International Agreements**
  - Already 90 jurisdiction participating in Multilateral Convention on Mutual Administrative Assistance in Tax Matters, will increase
  - 74 jurisdictions have signed Multilateral Competent Authority Agreement (MCAA), will increase - mMore work to “operationalise” MCAA
  - DAC 2 adopted on 9 December
- **Jurisdictions are now putting the legislative and administrative framework and the IT-infrastructure in place**

# Key challenges in domestic implementation

1. **Wider approach vs. data protection**
2. **Determining appropriate exchange partners**
3. **Defining low-risk non-reporting FIs and excluded accounts**
4. **Determining participating jurisdictions during transition phase (look-through requirement)**
5. **How to best leverage on FATCA**
6. **Timelines**

# CRS: Ongoing work at OECD/GF

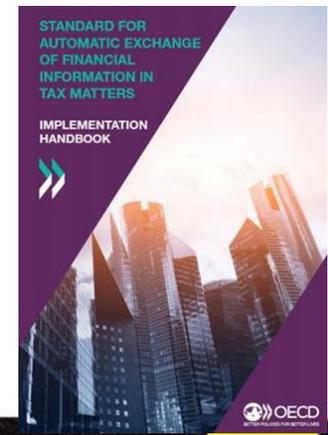
## 1. CRS maintenance/further guidance

- Ongoing work to address issues arising in the course of implementation to ensure consistency and maintenance of one global standard (in consultation with Business Advisory Group)
- [FAQs](#) available on AEOI portal and regularly updated

# CRS: Ongoing work at OECD/GF

## 2. Assistance in implementation

- **CRS Implementation Handbook** for government officials released in August 2015.
- Series of **training events** for implementing countries (together with Global Forum): Mexico, Berlin, China, San Marino, BVI, Seychelles, Columbia, Malaysia.
- Public **AEOI portal** launched with both general and country-specific information on implementing the Standard, including:
  - downloadable version of « purple book »
  - information on TINs and residence rules
  - Information on country implementation
  - FAQs
  - CRS Implementation Handbook
  - Guidance on voluntary disclosure regimes
- **Confidentiality assessments** (GF)



# Looking to the Future

1. **CRS maintenance/further guidance (in consultation with industry)**
2. **Multilateral solutions to common challenges:**
  - **The international legal framework:** the Convention/MCAA
  - **Confidentiality assessments (GF)**
  - **Common transmission system**
3. **Implementation support:**
  - **Technical assistance (GF)**
  - **Further development of Implementation tools (effective use, compliance review, ...)**
4. **Ensuring effective implementation** through fusing monitoring, assistance and **developing a calibrated review process (GF).**

# Looking to the future

## 5. TRACE

- Standardised system for claiming withholding tax relief at source on portfolio investments.
- Based on the same infrastructure and technical solutions as CRS:
  - FIs follow similar due diligence procedures to determine tax residence of account holders (e.g. reliance on self-certification)
  - FIs report annually similar information about account holders to governments (name, address, residence country, TIN/date of birth, account number, income information, ..)
  - Same IT solutions (XML schema, transmission systems)
- Revised IP fully aligned to CRS scheduled to adopted early 2016

Thank you!  
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