

Automatic Exchange of Information

May 2022

Introduction

Automatic Exchange of Financial Account Information will be made as from 2017 on an annual basis between participating countries for tax residents (or even in certain cases domicile persons) of each other. The first exchange of 2017 related to all account information of 2016. Reporting involves individuals who own or control accounts in financial institutions either directly or through companies, trusts, foundations and in certain cases insurance policies.

The initiative of the Automatic Exchange of Information (AEI) has been developed and published by the Organisation for Economic Cooperation and Development (OECD) and the G20 and has become a Global Common Reporting and Due Diligence Standard (CRS). So far, around 120 countries are committed in implementing and applying the Standard, aiming to tackle tax evasion even harder.

How does the AEI work?

The AEI is facilitated by having financial institutions in each participating country collecting and reporting to their local tax authorities tax relevant information about their clients who are resident in another participating country. In turn, the local tax authorities automatically exchange this information on an annual basis with their counterpart in the participating countries.

In order to facilitate this, each country needs to translate the requirements of the CRS into local law. Furthermore, in order for two participating countries to be able to apply the CRS with each other, they must have an intergovernmental agreement to this effect, for which there is a model convention provided by the OECD. As of 31 January 2022, 115 countries have signed a multilateral agreement, thereby automatically enabling the AEI mechanism between them.

Financial institutions include but are not limited to banks, brokers, collective investment vehicles, custodians and insurance companies.

Account information to be reported generally includes account number, account balances and gross earnings in respect of any payments through the account, including but not limited to any investment income such as dividends or funds from insurance companies, income earned from assets and sale profits from financial assets. However, the exact nature of information to be exchanged between each participating country needs to be defined in the intergovernmental agreement between the two countries.

The information on each reportable person generally includes name, address, country of residence, national insurance and tax identification numbers, place and date of birth. Financial institutions will need to disclose not only the account holder but also any beneficial owners, controlling persons or even sometimes relevant persons of entities and trusts.

Data Protection
Data protection is critical and the OECD specifies clear requirements on confidentiality and data safeguards. These need to be in place in participating countries. For example, tax authorities receiving information through the AEI process are not allowed to share it with other governmental institutions. If the specified rules on data protection are not met, then a country may refuse to exchange data with that other participating country.
Jurisdictions undertaking first AEI in 2017
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, United Kingdom.
Jurisdictions undertaking first AEI by 2018
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Curacao, Dominica, Greenland, Grenada, Hong Kong, Indonesia, Israel, Japan, Lebanon, Macau, Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan, Panama, Qatar, Russia, Saint Kitts & 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 undertaking first AEI by 2019
Ghana, Kuwait
Jurisdictions undertaking first AEI by 2020
Nigeria, Oman, Peru
Jurisdictions undertaking first AEI by 2021
Albania, Ecuador, Kazakhstan
Jurisdictions undertaking first AEI by 2022
Jamaica, Kenya, Maldives, Morocco
Jurisdictions undertaking first AEI by 2023
Jordan, Moldova, Montenegro, Thailand, Uganda, Ukraine
Jurisdictions undertaking first AEI by 2024
Georgia, Rwanda, Tunisia
Developing countries not asked to commit and that have not yet set a date for the first year of exchanges

Algeria, Armenia, Belarus, Benin, Bosnia and Herzegovina, Botswana, Burkina Faso, Cabo Verde, Cambodia, Cameroon, Chad, Côte d'Ivoire, Djibouti, Dominican Republic, Egypt, El Salvador, Eswatini, Gabon, Guatemala, Guinea, Guyana, Haiti, Honduras, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mongolia, Namibia, Niger, North Macedonia, Palau, Papua New Guinea, Paraguay, Philippines, Senegal, Serbia, Tanzania, Togo, Viet Nam.

NOTES

Although the USA is not a participating country on this AEI process, information about US tax residents is automatically exchanged towards the USA through FATCA that is already being complied by most countries.