

UPDATE ON THE AUTOMATIC EXCHANGE OF INFORMATION – GLOBAL STANDARD

by Gill Crennell and Simon Harding

In February 2014, the OECD released its global standard for automatic exchange of financial account information (**Global Standard**). The Global Standard consists of two components: (i) the Common Reporting Standard (**CRS**), which contains the reporting and due diligence rules to be imposed on financial institutions, and (ii) the Model Competent Authority Agreement (**CAA**), pursuant to which governments would agree to exchange the information reported.

The Global Standard was endorsed on 29 October 2014 in Berlin at the Global Forum on Transparency and Exchange of Information, when 51 countries signed a Multilateral Competent Authority Agreement agreeing to automatically exchange information based on Article 6 of the OECD's Convention on Mutual Administrative Assistance in Tax Matters, and taking the next step towards greater transparency.

The signatory jurisdictions have committed to adopt the CRS from 1 January 2016 and other countries will follow later. Under the new standard, governments are required to collect detailed information from financial institutions to be shared with other jurisdictions annually. Following the introduction of the CRS in January 2016, it is expected that the EU Savings Directive will be gradually phased out. "Early adopters" who signed the Agreement, including the Isle of Man and the other Crown Dependencies, have agreed to work towards launching their first information exchanges by September 2017. Others are expected to follow in 2018.

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