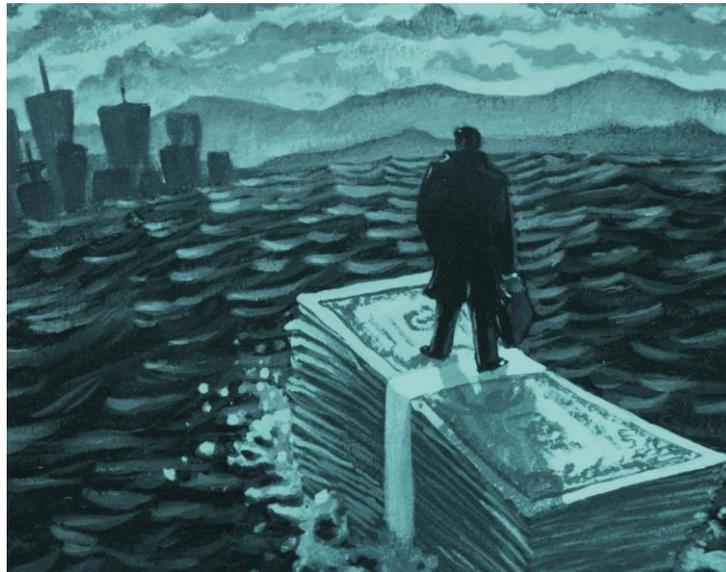


3 March 2016, Istanbul – 2nd Turkish-German Biennial on International Tax Law

AEoI as the new global standard: OECD Standard and EU Tax Cooperation



Markus Meinzer, Director



Content

- 1) Why AEOI / AIE matters / Scale of the problem
- 2) How did we get here? Past challenges
- 3) Where are we now? Current Challenges
 - a. Scope I: developing countries
 - b. Scope II + level playing field: USA, Lebanon
 - c. Implementation / effectiveness
 - d. Transparency / Statistics
- 4) Conclusions

1) Why AIE matters

2014:



Source: Oxfam

2016:



Source: Oxfam

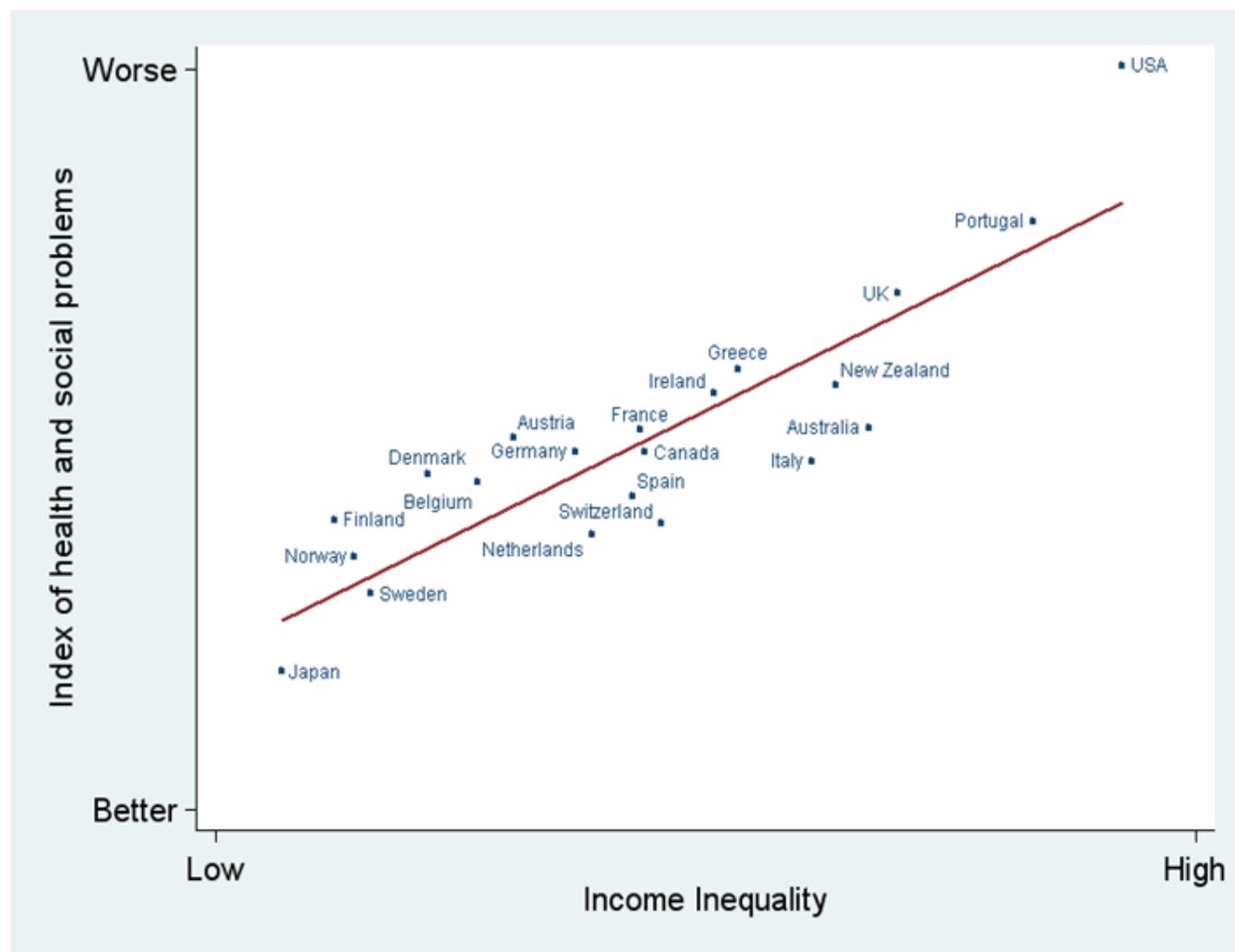
1) Why AIE matters



Health and Social Problems are Worse in More Unequal Countries

Index of:

- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



1) Why AIE matters

- Most countries in the world levy a personal income tax that is:
 - based on the residency of the natural person
 - including his/her worldwide income
 - progressive (tax rate is rising with income)
- Many countries in the world apply inheritance taxes and some apply wealth taxes
- Problem: How to enforce these laws in a context of free flow of capital?
 - Wealthy residents of developing countries may invest their money in banks in Zurich, Frankfurt or Miami, but fail to declare it at home
- Enforcement of these laws helps countering inequality and poverty and creates a positive feedback loop against tax evasion (perceptions based behaviour)
- Information on foreign financial wealth and income is key for law enforcement

1) Why AIE matters

- Information exchange upon request, spontaneous, and automatic
- Automatic information exchange:
Authorities in country A collect information (for example from their local financial institutions or entities) related to individuals or entities resident in country B. This information (e.g. interest income or dividends or bank account balance) is then sent to the competent authorities of country B on a regular basis (e.g. annually).
- Direct revenue raising potential vs. deterrent effect
- OECD now has developed a multilateral and legally „open“ system: Common Reporting Standard (CRS) within **Council of Europe / OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters**

1) Why AIE matters: scale of problem

- Price of Offshore Revisited (TJN 2012): 21-32 tn US\$ of unrecorded private financial wealth offshore; 190-280 bn US\$ tax revenue loss
 - of which 7-9 tn US\$ from 139 low/middle income developing countries
 - those 139 countries are net creditors to the rest of the world (10-13tn US\$), including foreign reserves
- Africa lost 944bn US\$ through illegal capital flight from 1970 to 2008, and had foreign debt of 177bn US\$ (Boyce/Ndikumana 2011)
- € 2.5 – 3 tn. of interest bearing assets by non-residents in German financial system (Meinzer 2015); declared?
- US\$ 3tn estimated amount of wealth held in US financial accounts by non-residents

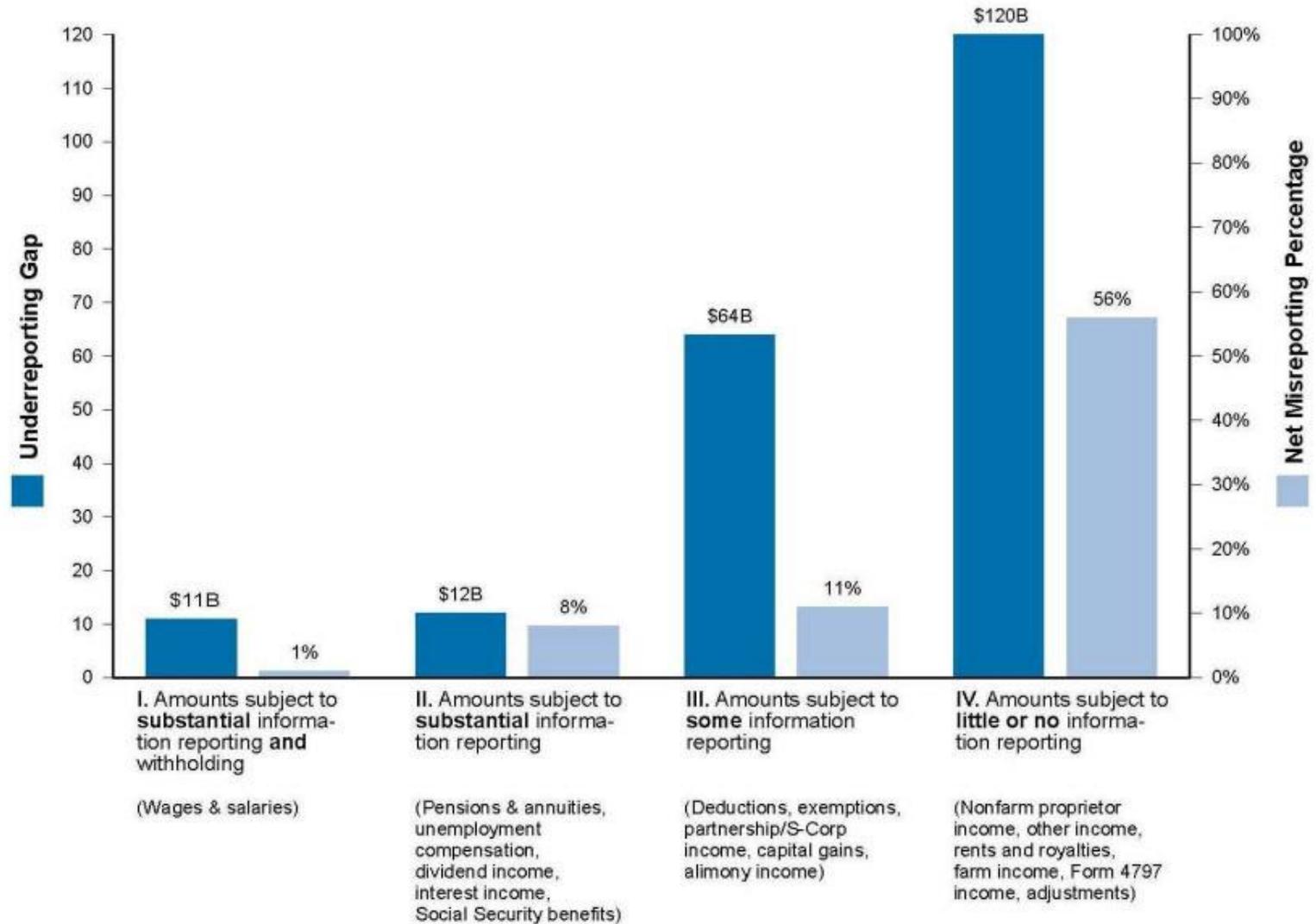
"Because of the privacy laws of the United States, nonresident aliens are estimated to have deposited over \$3 trillion in U.S. financial institutions... (the United States has) refrained from taxing the interest earned by them or requiring their reporting)." (Letter to Tim Geithner by Florida delegates to the House of Representatives, 2011)

- Helvea (2010) estimates that between 80% and 99% of 2tn CHF invested in Swiss accounts by non-residents are undeclared (=untaxed)
- Gaggero (2007) estimates that 85% of wealth held abroad by Argentineans goes untaxed

1) Why AIE matters: scale of problem

Chart 1: Effect of Information Reporting on Taxpayer Compliance

Tax Year 2006 Individual Income Tax Underreporting Gap and Net Misreporting Percentage, by "Visibility" Category

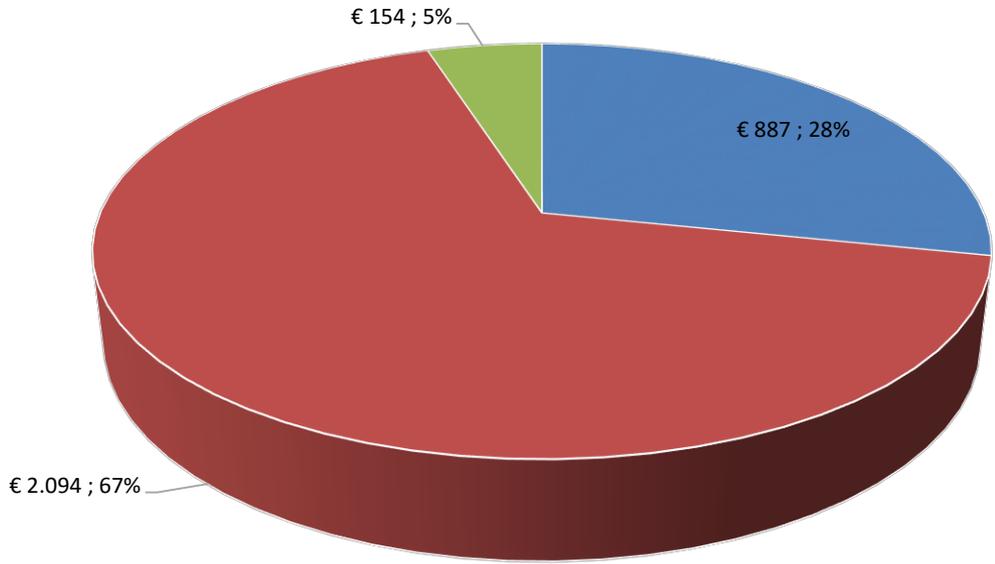


Source: US IRS 2012

NOTE: Net Misreporting Percentage is defined as the net misreported amount of income as a ratio of the true amount.

1) Why AIE matters: scale of problem

Interest bearing assets by non-residents in German financial system, incl. interbank liabilities,, August 2013, in € billion / share of total

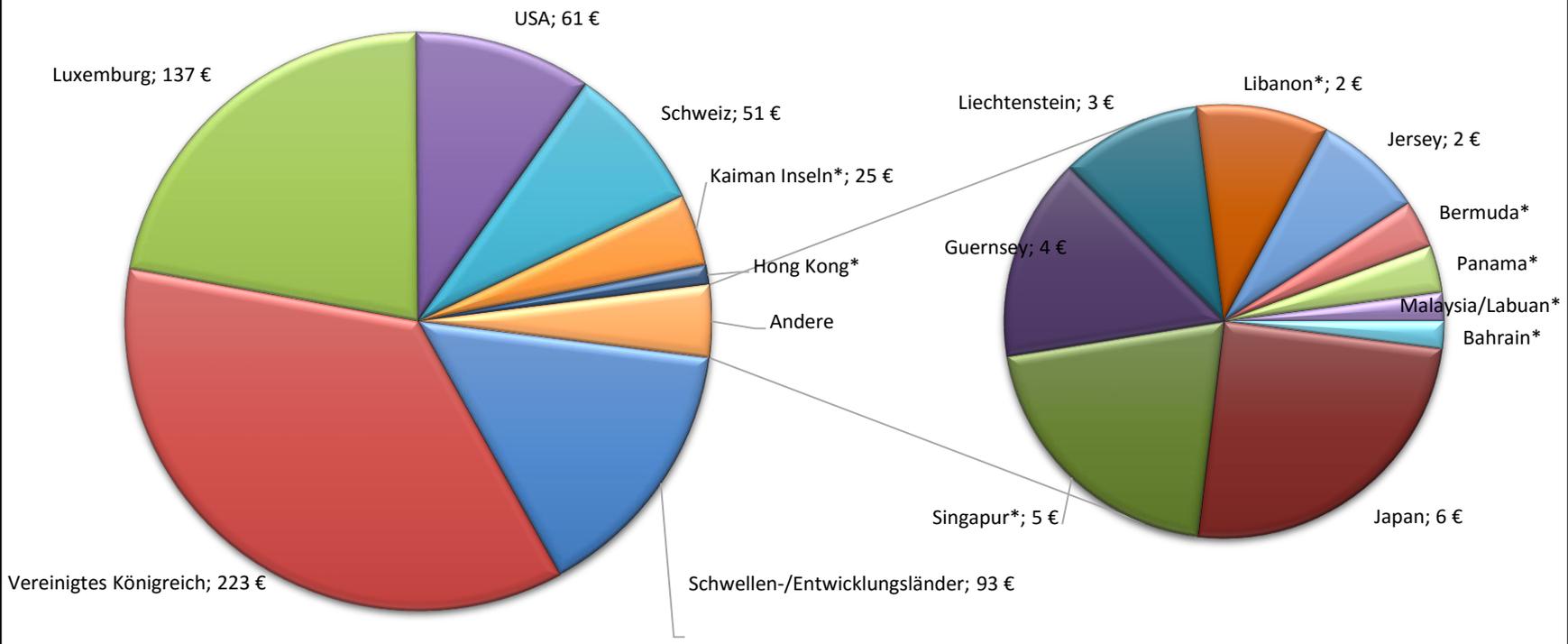


- Verbindlichkeiten inländischer Banken gegenüber dem Ausland
- Verzinsten Wertpapiere bei inländischen Banken
- Verzinsten Investmentfondsanteile bei inländischen Fonds
- Treuhandverbindlichkeiten inländischer Banken gegenüber dem Ausland

Source: Meinzer 2015

1) Why AIE matters: scale of problem

Liabilities of German domestic banks vs. selected secrecy jurisdictions and developing countries, August 2013, in € billions, incl. interbank liabilities



Source: Meinzer 2015

1) Why AIE matters: scale of problem

Turkish Assets in Germany

- Interest bearing assets held by Turkish residents in German financial system (no WHT in Germany!):

Year	Bank Liabilities only (Mio. €)	Of which non-bank (Mio. €)	% of non-bank	Multiplier (based on 2013)	Total interest bearing assets (Mio. €, estimation)
Aug 13	2929	1339	46%	2,534386	7423
Sep 15	3858	2252	58%	?	9778*

Source: Bundesbank Balance of Payments statistic 2013 and 2015, own analysis (methodology see Meinzer 2015)

*based on multiplier derived for August 2013

2) Past challenges

- 2002 - 2008: “upon request” in Sleeping Beauty
- 2008-2012: Rolling out “upon request”, brewing conflict around AIE
- 2010-2012: Enter FATCA and Rubik
- 2012-2013: Breakthrough
- 2014: Details of open AIE framework are unveiled, the battle for scope
- 2015-?: Implementation and rolling out, the battle for meta transparency and effective sanctions

2) Past challenges

2008-2012: Rolling out “upon request”, brewing conflict around AIE

“We need the automatic exchange of tax information between jurisdictions and all developing countries must be included.” ([John Christensen, David Spencer, in FT comment piece, 4 March 2008](#)).

“The [automatic] exchange of information on interest paid by banks will certainly provide us with a powerful tool to detect, prevent and combat tax evasion, money laundering, terrorist financing, drug trafficking and organized crime.” ([Agustín Carstens, Mexican Finance Minister, in letter dated 9 February 2009, to U.S. Treasury Secretary Timothy Geithner](#)).

“At the London Summit we will set out new measures to crack down on the tax havens that siphon off money from developing countries - money that could otherwise be spent on bednets, vaccinations, economic development and jobs.” ([Gordon Brown, British Prime Minister, March 2009](#)).

“possibility of a shift to automatic tax information exchanges” ([Stephen Timms, Financial Secretary to the UK Treasury, before G20 London Summit, 2009](#))

“The OECD welcomes recent commitments to the internationally agreed tax standard on exchange of information made by Costa Rica, Malaysia, Philippines and Uruguay.” ([OECD media communication, 7 April 2009](#)).

2) Past challenges

2008-2012: Rolling out “upon request”, brewing conflict around AIE

"The OECD's high standards on transparency and exchange of information address issues raised on the use of trusts, bearer shares and other opaque structures. While they enjoy universal endorsement, the challenge now lies in their swift and effective implementation. [...] **Influential non-governmental organisations [...] can help developing countries most by pressuring for delivery, rather than risking an unravelling of what has been achieved through calls to reopen debates.**" ([Anthony Gooch, OECD's director of public affairs, in an open letter to FT, 30 April 2009](#)).

"Settlement Reached in UBS Tax Case" ([New York Times, 31 July 2009](#)).

"The standard of information exchange on request, including bank and fiduciary information, is now universally endorsed." (OECD Report "[Promoting transparency and exchange of information for tax purposes](#)", 23 June 2010).

"The G20 countries should take the lead in agreeing to automatic exchange of tax related information with each other, irrespective of artificial distinctions such as past or present, for tax evasion or tax fraud, in the spirit of our London Summit that 'the era of bank secrecy is over'." ([Manmohan Singh, India's Prime Minister, 3 November 2011, India Times](#)).

"The Creeping Futility of the Global Forum's Peer Reviews" ([TJN Briefing Paper March 2012](#)).

2) Past challenges

2010-2012: Enter FATCA and Rubik

"The flat rate tax means: [...] The issue of automatic exchange of information thus becomes obsolete." (Rubik proposal December 2009, page 4, Swiss Bankers Association).

"Although FATCA is an improvement on existing legislation, it still leaves the U.S. with double standards in its existing tax policy, by seeking to provide the U.S. authorities with information about its citizens, while still allowing the U.S. to provide de facto bank secrecy to foreigners who invest in the U.S. [...] While flawed, FATCA is nevertheless a step forwards [...] Will other foreign governments follow the U.S. lead?" ([TJN Blog, 18 May 2010](#)).



"Switzerland seems to have succeeded in bilaterally co-opting Germany and the UK. This is a major threat to the European Union's unified struggle for automatic tax information exchange." ([Mark Herkenrath, TJN Blog, 11 August 2011](#)).

"On 6 October 2011, the UK and Swiss Governments signed a bilateral agreement to ensure the effective taxation of UK residents with accounts held in Switzerland." ([FT lexicon](#)).

"The international tax system is in the midst of a novel contest between information reporting and anonymous withholding models for ensuring that states have the ability to tax offshore accounts." ([Professor Itai Grinberg, 27 January 2012](#)).

"Tax evasion treaty signed by Switzerland and Germany" ([BBC, 5 April 2012](#)).

2) Past challenges

2012-2013: Breakthrough

“Germany's upper house of parliament on Friday rejected a deal with Switzerland to tax assets stashed by German citizens in Swiss bank accounts.” ([Reuters, 23 November 2012](#)).



Source: Campact

“We welcome progress made towards automatic exchange of information which is **expected to be the standard** and urge all jurisdictions to move towards exchanging information automatically with their treaty partners, as appropriate.” ([G20 Communiqué by Finance Ministers/CB Governours, 19 April 2013](#)).

"Automatic information exchange between tax authorities is a powerful tool in tackling and deterring tax evasion. [...] we strongly support the development of a single global standard for automatic exchange of information covering a wide scope of income and entities." ([G17-AIE Pilot Group statement, 14 May 2013](#)).

“A Step Change in Tax Transparency. Delivering a standardised, secure and cost effective model of bilateral automatic exchange for the multilateral context” ([OECD report 18 June 2013, for the G8 summit Lough Erne](#)).

2) Past challenges

2014: Details of open AIE are unveiled, the battle for scope

"The OECD has unveiled today a new single global standard for the automatic exchange of information between tax authorities worldwide" ([OECD, 13 February 2014](#)).

"OECD's Automatic Information Exchange Standard: A watershed moment for fighting offshore tax evasion?" ([TJN report, 12 March 2014](#)).

"The specific needs of developing countries should not be addressed by lowering standards for them, but rather by helping them to meet the standards [...]. The Global Forum will look into the particular concerns of developing countries which have a right to benefit from transparency." ([Pascal Saint-Amans in ITR, 13 March 2014](#)).

"Luxembourg and Austria lifted their longstanding veto on a key EU law that will extensively bolster national governments' ability to crackdown on tax cheats." ([FT, 21 March 2014](#)).

2) Past challenges

“Most (developing countries) are not yet ready and most of them don’t want it”

(Pascal Saint-Amans, Head of OECD’s tax department, in May 2014 on automatic information exchange, Source: Thomson Reuters Foundation)

“Developing countries want automatic information exchange, Tax Justice Network research reveals”

[\(ITR reporting on TJN report “AIE: An Opportunity for Developing Countries to Tackle Tax Evasion and Corruption”, 24 June 2014\).](#)

- Survey carried out by TJN in February 2014 revealed that seven of eight developing countries stated that AIE should be implemented at same time as „upon request“ information exchange (Knobel/Meinzer 2014a)
- OECD’s survey after decisions were made, failed to ask about preferences of developing countries beyond capacity building („take it or leave it“)
- No equal seat at the table of OECD or Global Forum
- Bilateralism vs. Multilateralism (competent authority agreement, CAA)
- Insistence on full reciprocity

3) Current challenges

State of play:

- 21 July 2014: OECD publishes Commentaries on the CRS ([TJN-evaluation, 24 Nov 2014](#) / Knobel/Meinzer 2014b)
- 29 Oct 2014: 51 signatories to multilateral competent authority agreement (MCAA) for AIE
- 9 December 2014: EU adopts [DAC2](#), implementing CRS in EU as of 1 January 2016, [first exchange Sep 2017](#), [repeal of EUSTD](#) as of 1 January 2016
- 22 February 2016: EU [initials AIE-agreement with Monaco](#), after Andorra, Liechtenstein, San Marino and Switzerland
- Minimum three elements of implementation of CRS:
 - a. Convention on Mutual Administrative Assistance in Tax Matters ([94 jurisdictions signatories as of March 2016](#))
 - b. M-CAA or bilateral CAA ([79 jurisdictions signatories as of 27 Jan 2016](#))
 - c. National Legislation/guidance

Exclusion of Developing Countries / G77

DESIGN OF CRS:

- a) OECD (rich countries, instead of UN Tax Committee)
- b) GLOBAL FORUM SURVEY (only asked for costs to implement)
- c) CRS July version: Removal of reference to Dev'ing Countries' benefit & capacity building

ENGAGEMENT IN CRS:

- a) No unique Multilateral CAA for all ([Swiss: we want bilateral](#) – HK, SP, BS, PA, AE)
- b) Multilateral CAA: only non-reciprocity for tax havens (send only); optional (“dating system”); only bilateral pilot for non-reciprocity
- c) No sanction/incentive to promote AIE between tax havens & Developing countries (reputation not enough, FATCA has 30% WTH)

3.b) Current Challenges- Scope II + level playing field: USA, Lebanon

- [The Economist, 20 Jan 2016](#)

Financial transparency

The biggest loophole of all

Having launched and led the battle against offshore tax evasion, America is now part of the problem

- Proposal for the EU to implement 30% WHT on payments to any bank in a non-participating jurisdiction
- FATCA provides (IGA1) only [very limited reciprocity](#)
- Reporting on US bonds only under specific circumstances

Category	German Banks' reporting obligations (about US persons)	US Banks' reporting obligations (about German residents)
Type of Account	All financial accounts (art. 1,1,dd)	All financial accounts, but <u>Depository accounts only if held by individuals</u> (art. 1,1,cc)
Look-through of entity account holders to identify controlling persons	Yes: identify controlling person of passive NFE and of Non-US entities (Art. 1,1,dd; Art 2,2,a),1; and Annex I, IV, C)	<u>No</u> . No reference to German controlling persons (neither of passive NFEs nor of Non-German entities)
Type of Information	"All" (art 2,2,a)	"All" <u>except for</u> account balance, gross proceeds from sale or redemption of property and controlling persons' identity. Moreover, "interest" paid (not if credited) only to depository accounts. (Art. 2,2,b)

Implementation issues, national level:

- Wider vs. narrow approach
- Sanction regime for misreporting
 - NL: prison terms for wilful misreporting
 - DE: 50k€ max; CH: 250kCHF max; AU: 200k€ max

Loopholes affecting Effectiveness (for all countries)

- “Controlling Person” + high threshold (>25%)
- Report Controlling Person only for “Passive” NFE
- US\$ 250.000 threshold for Entity Accounts (opened until 2016/2017!)
- (Fake) Residency Certificates by tax havens
- Balance Account (no average, highest)
- Only for “tax purposes” (no: corruption, AML)
- No AIE about real estate ownership, safe deposit box, warehouses in freeports

Lessons of HSBC Leaks / Swiss Leaks:

- Much of leaked and incriminating data has been available to tax administrations for 5 years
 - This data being privately shared with tax administrations failed to deliver accountable and effective taxation
 - UK: only one prosecution out of more than 1,000 cases received
 - Denmark and Norway: chose not to request data from France
 - India: discrepancy in reported case numbers between 2011 and 2015, charges brought against 15 “listlings” in 2011
 - Greece: no single prosecution, former finance minister Papakonstantinou convicted in March 2015 for forgery of documents
 - Germany: discrepancy in reported case numbers between 2010 and 2015, no single charge being brought in a major German state, no accountability for the rest whatsoever
- Loss of confidence in fair and accountable taxation risks eroding wider tax compliance, state-citizen relations and as a result, effective democracy

- Data availability and quality is a problem for checking effectiveness of taxation of cross-border financial accounts:
 - BIS locational banking statistics not published on a bilateral country level basis (only all reporting banks vis-à-vis individual countries)
 - BIS locational banking statistics only look at legal owner (nominee lawyers, shelf companies)
 - Uncertainty over BIS-qualification of “ownerless assets” – reported as domestic assets?
- With CRS/DAC2, for the first time, information about the controlling persons/beneficial owners of complex trust and asset structures is available
- In combination with publishing country level aggregates of BIS and as reported by taxpayers, triangulation becomes possible to address the discrepancies
- Publishing the data is vital to obtain information about illicit financial flows and attempts to avoid the CRS, and to raise awareness and interest in AIE

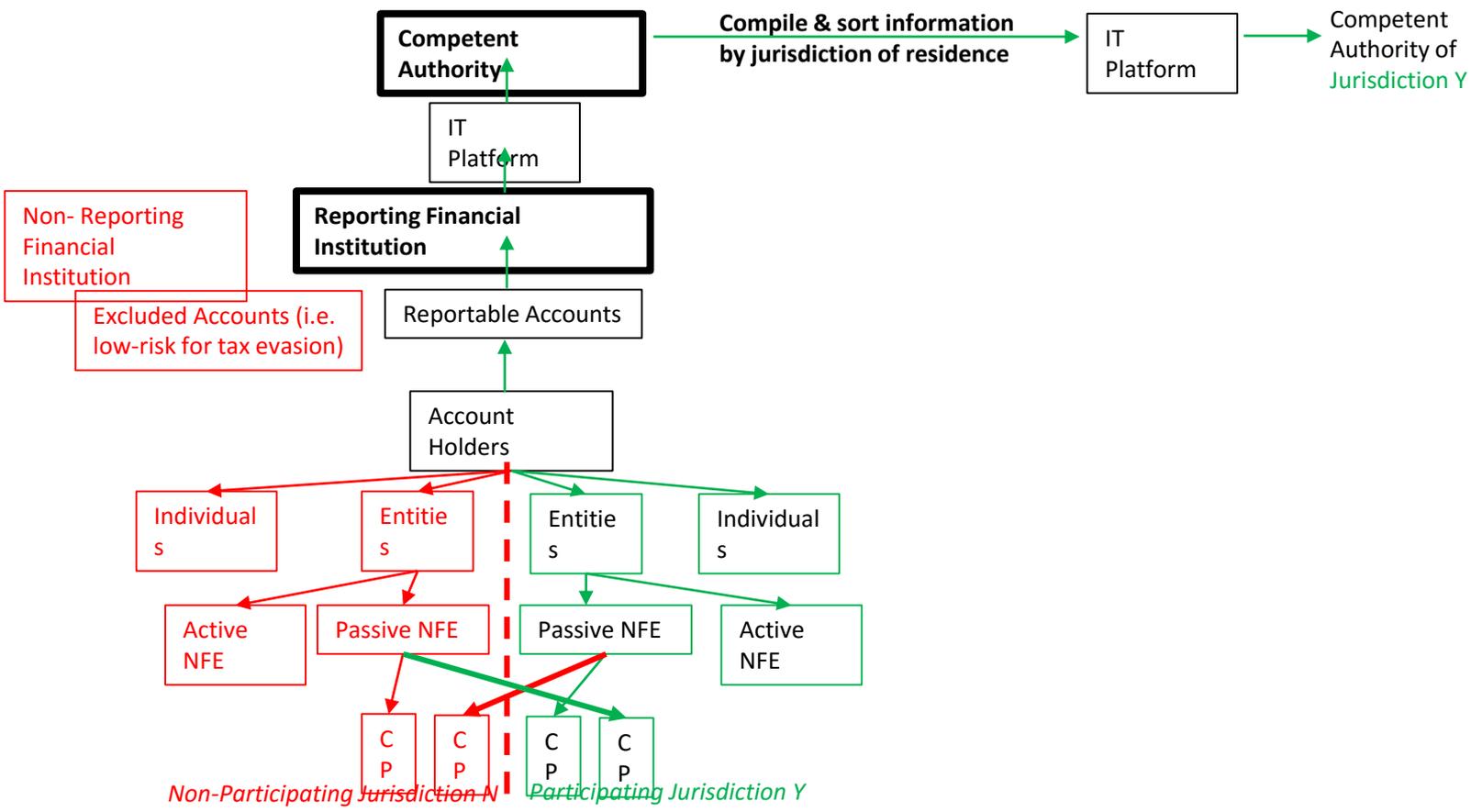
Why public AIE statistics?

- i) **Shed light on illicit financial flows:** how much money is held abroad compared to how much is declared, is it invested or only deposited? where is it held? who does it belong to?
- ii) **Data for excluded Developing countries:** allow Non-participating jurisdictions (i.e. developing countries) to find out how much money their residents are hiding abroad to incentivize their governments to get involved in AEoI
- iii) **Track Efficiency of AEoI by identifying avoidance schemes:** sham changes of residence, dividing money into many accounts, growth of Non-Reporting FIs & Excluded Accounts, identify tax havens used both to create companies and to invest/deposit money

3.d) Current Challenges - Transparency / Statistics



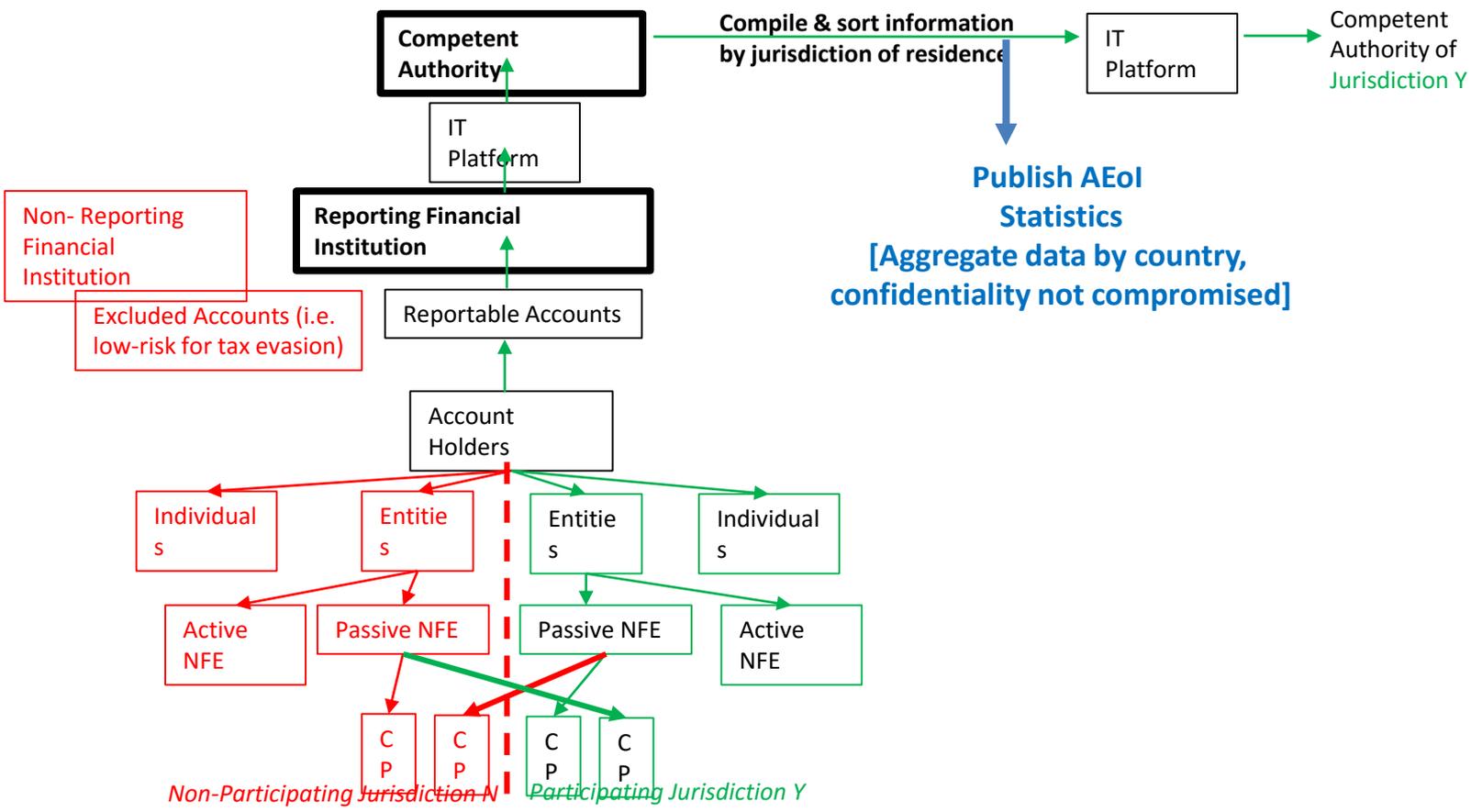
CRS as of now



3.d) Current Challenges - Transparency / Statistics



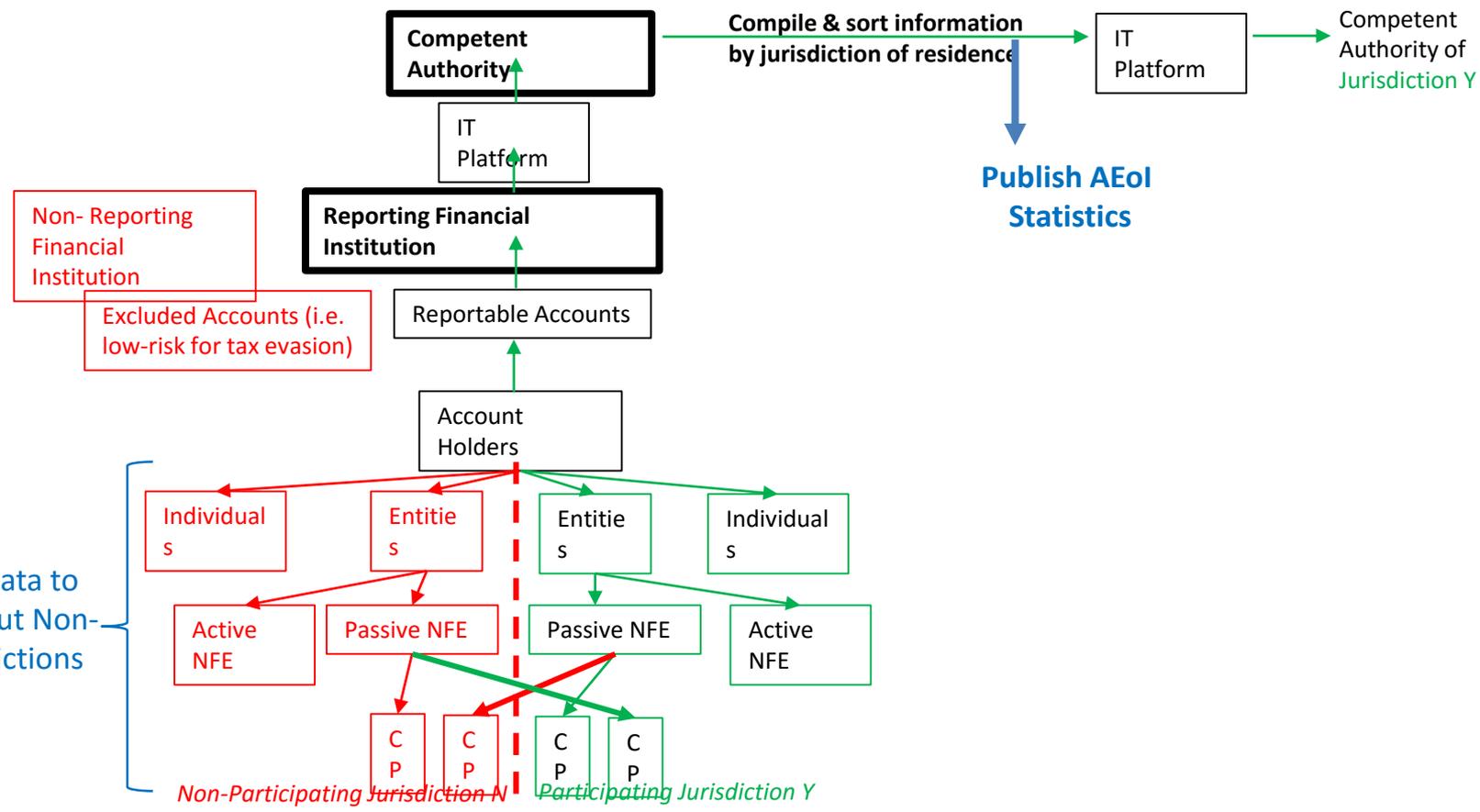
AEol Statistics Proposal



3.d) Current Challenges - Transparency / Statistics



AEol Statistics Proposal + useful data



- Collect & report data to local authority about Non-Participating jurisdictions

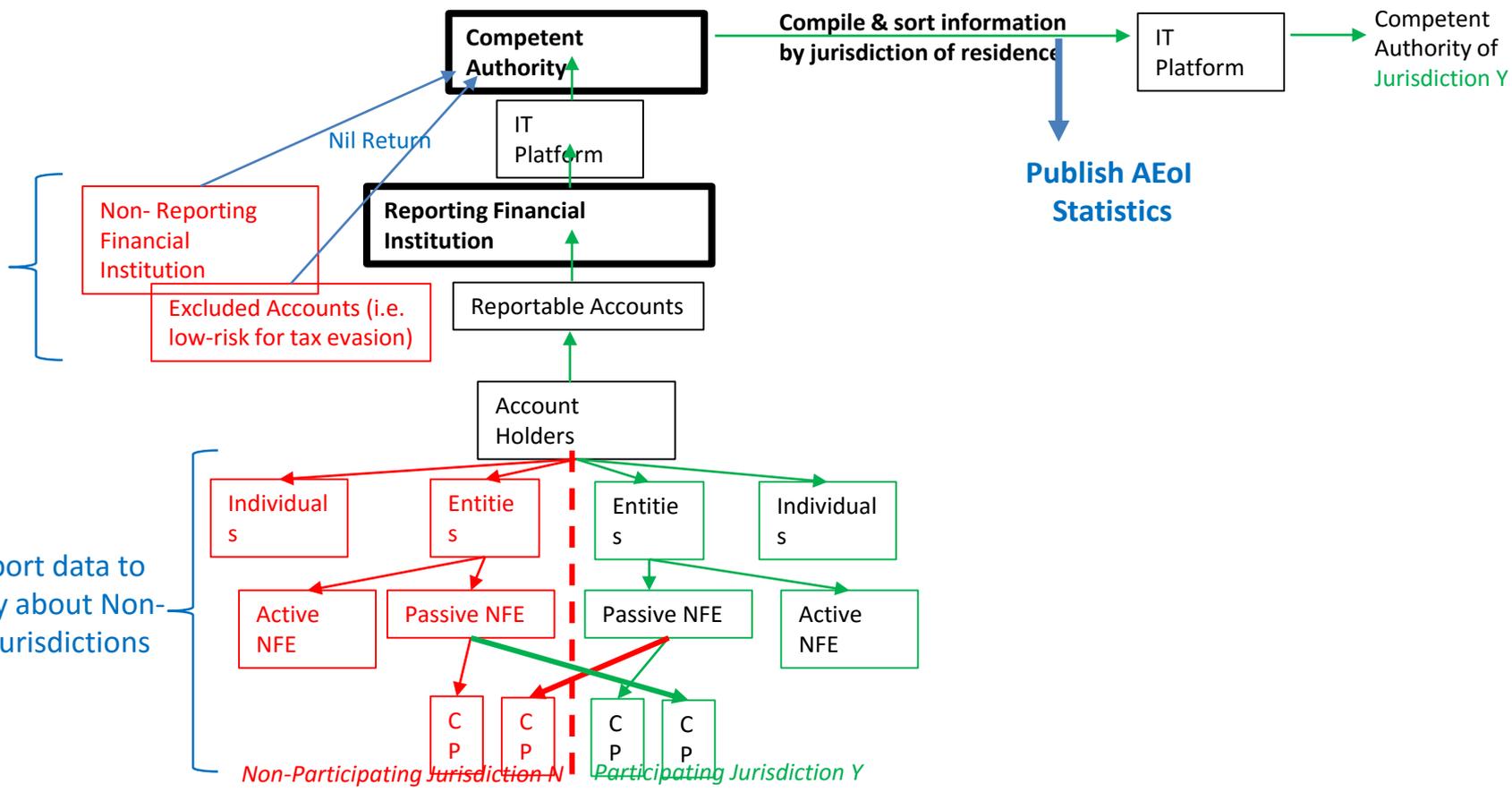
3.d) Current Challenges - Transparency / Statistics



AEoI Statistics Proposal + useful data

- Require 'Nil Returns' from Non-Reporting FIs & about Excluded Accounts

- Collect & report data to local authority about Non-Participating jurisdictions



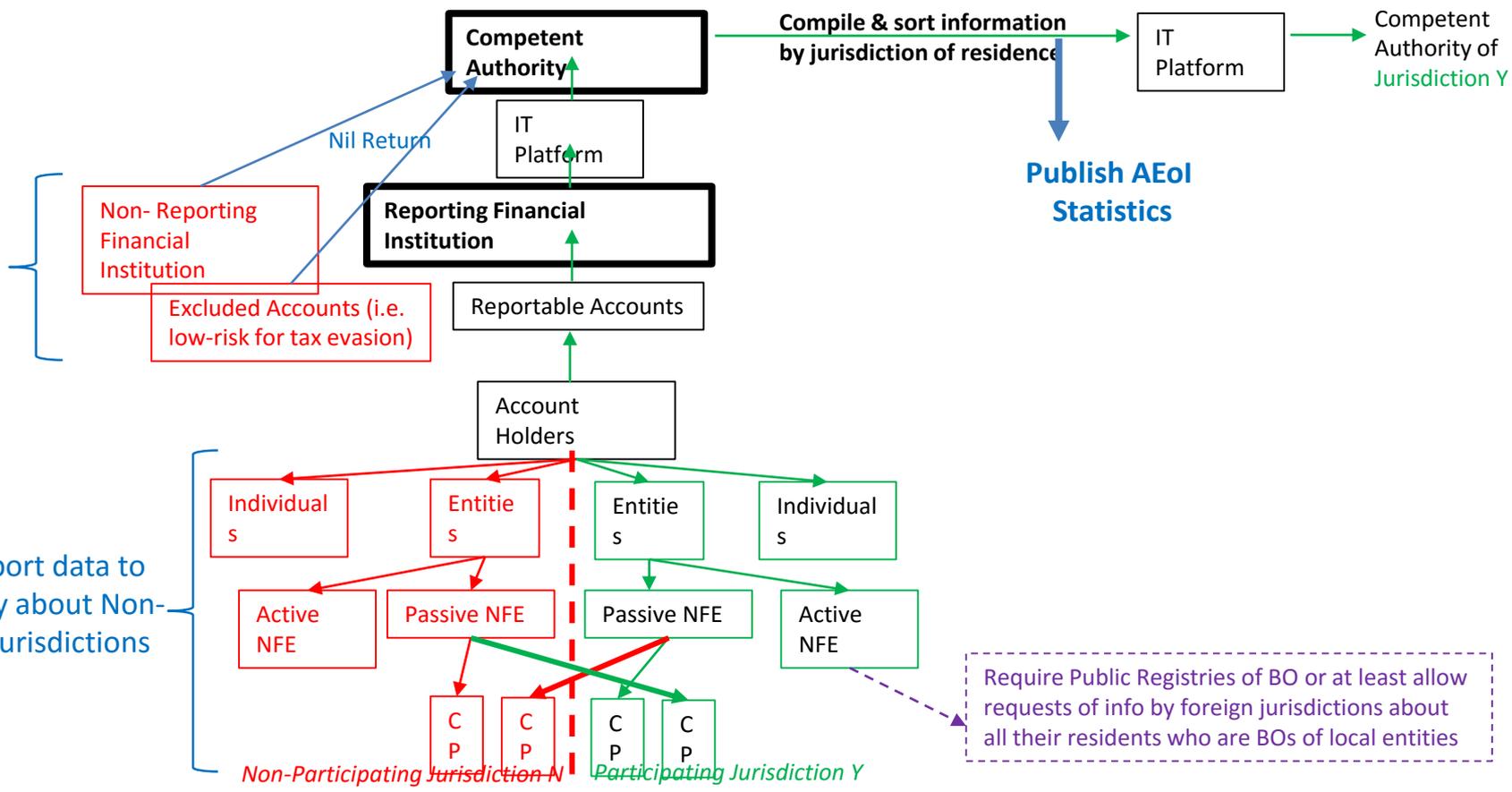
3.d) Current Challenges - Transparency / Statistics



AEoI Statistics Proposal + useful data

- Require 'Nil Returns' from Non-Reporting FIs & about Excluded Accounts

- Collect & report data to local authority about Non-Participating jurisdictions



3.d) Current Challenges - Transparency / Statistics – Part 1



AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 1.1 - Totals

Jurisdiction of Residence (of Account Holder/CP)	Type of [German] Financial Institution 	Total Accounts (Individual + Entity)	
		Value	Income
 Argentina	Custodial Institutions		
	Depository Institutions		
	Investment Entities (a)		
	Investment Entities (b)		
	Insurance Companies		
	Total [in Germany]		
 Austria	Custodial Institutions		
	Depository Institutions		
	Investment Entities (a)		
	Investment Entities (b)		
	Insurance Companies		
	Total [in Germany]		
[all other jurisdictions]	...		

Total Value (account balance/annual average) & Income received in [2016] held in [German] Financial Institutions by all account holders (entities & individuals together) from each jurisdiction of residence (Argentina, Austria, etc.), expressed by type of FI (depository, custodial, etc.) and in Total in [Germany]

3.d) Current Challenges - Transparency / Statistics – Part 1



AEol Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 1.2 – Details of Accounts held by Individuals*

Jurisdiction of Residence (of Account Holder/CP)	Type of FI 	Accounts according to Account Holder								
		Individual								
		Aggregate Value	Median Account Value	Aggregate Income	Median Account Income	Number of Account Holders	Number of Accounts	Number of Accounts closed	Accounts [...] between 2013 & 2015	
Opened	Closed									
 Argentina	Custodial Institutions									
	Depository Institutions									
	Investment Entities (a)									
	Investment Entities (b)									
	Insurance Companies									
	Total									
[all other jurisdictions]	...									

Same as before, but here only for Individuals

Specify also:

- Aggregate and Median (for Value & Income in [2016])
- No. of Account Holders [*just a few individuals have all the money?*]
- No. of Accounts [*avoidance: money divided into many accounts to be below threshold – for entities*]
- No. of Accounts closed (in 2016)
- No. of Accounts opened & closed between 2013 and 2015 [*analyse avoidance schemes (e.g. change of residency, withdrawal of money) since people became aware of AEol until 2015, because AEol starts in 2017 and refers to 2016– compare among jurisdictions of residence of account holders*]



Only for the 1st year of AEol

* This includes Equity Holders of a Trust (or similar entity) that is an FI. In other words, settlors, beneficiaries, etc. of trusts which are FIs will be considered here, and not in the CP section of Part 2 which included settlors, beneficiaries, etc. of trusts which are Passive NFEs

3.d) Current Challenges - Transparency / Statistics – Part 1



AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 1.3 – Details of Accounts held by all Entities (Active & Passive NFEs)

Jurisdiction of Residence (of Account Holder/CP)	Type of FI 	Accounts according to Account Holder								
		Entities (Active & Passive NFE)								
		Aggregate Value	Median Account Value	Aggregate Income	Median Account Income	Number of Account Holders	Number of Accounts	Number of Accounts Closed	Accounts [...] between 2013 & 2015	
Opened	Closed									
 Argentina	Custodial Institutions									
	Depository Institutions									
	Investment Entities (a)									
	Investment Entities (b)									
	Insurance Companies									
	Total									
[all other jurisdictions]	...									

Same as before, but here for entities

3.d) Current Challenges - Transparency / Statistics – Part 1



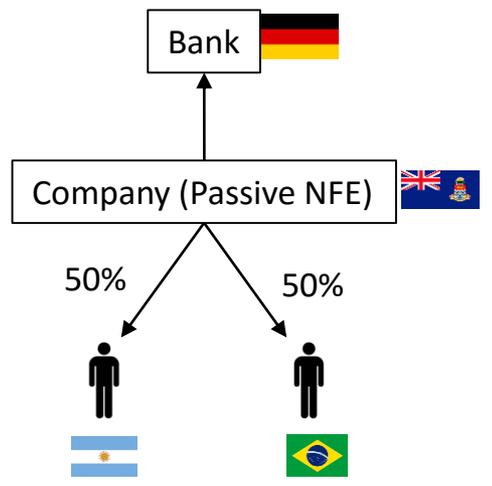
AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 1.3.a) – Details of Accounts held only by Entities which are Passive NFEs

Jurisdiction of Residence (of Account Holder/CP)	Type of FI 	Accounts according to Account Holder										
		Passive NFE										
		Aggregate Value	Median Account Value	Aggregate Income	Median Account Income	Number of Account Holders	Number of Accounts	Number of accounts closed	Accounts [...] between 2013 & 2015		List of Jurisdictions where any CP is resident	
Opened	Closed											
Argentina	Depository Institutions											-
											
	Total											
Brazil	Depository Institutions											-
											
	Total											
Cayman Isl	Depository Institutions					1	1					Argentina, Brazil
											
	Total											
[all other jurisdictions]	...											

Same as before, but also column on all residences of any Controlling Person (CP)



3.d) Current Challenges - Transparency / Statistics – Part 2



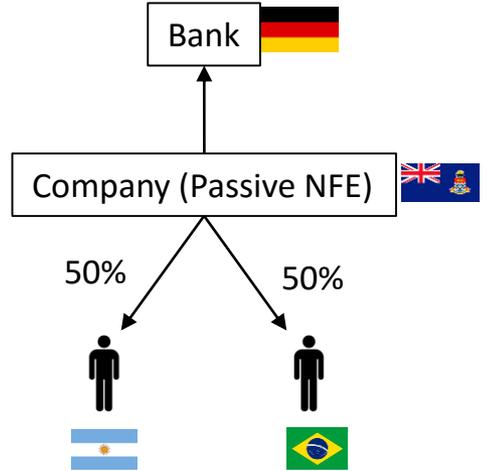
AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 2 – Details of Controlling Persons (who hold accounts via their Passive NFEs)

Jurisdiction of Residence (of Account Holder/CP)	Type of FI 	Accounts of Controlling Persons (CPs) of Passive NFEs										
		Aggregate Value	Median Account Value	Aggregate Income	Median Account Income	Number of CPs	Number of Accounts	Number of accounts closed	Accounts [...] between 2013 & 2015		List of Jurisdictions where any Passive NFE is resident	
									Opened	Closed		
Argentina	Depository Institutions					1	1					Cayman Isl.
											
	Total											
Brazil	Depository Institutions					1	1					Cayman Isl.
											
	Total											
Cayman Isl	Depository Institutions											
											
	Total											
[all other jurisdictions]											

Same as before, but No. of CPs (instead of Account Holder) & column on all residences of any Passive NFE (for all resident CPs)



WARNING: This data may be duplicated, triplicated or more if there is more than one CP because the total value, income, etc. of a Passive NFE is attributed to each CP

3.d) Current Challenges - Transparency / Statistics – Part 3



AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 3.1 – Details of Undocumented Accounts [only regarding Germany]

Type of FI		Undocumented Accounts					
		Unidentified Residence			Unidentified Controlling Person (for Passive NFEs account holders)		
		Number of Accounts	Total Value covered	Total Income covered	Number of Accounts	Total Value covered	Total Income covered
Rep.  FIs	Custodial Institutions						
	Depository Institutions						
	Investment Entities (a)						
	Investment Entities (b)						
	Insurance Companies						
	Total						

Ideally (if FIs did their job), these should be zero for all, especially for “unidentified CP”

3.d) Current Challenges - Transparency / Statistics – Part 3



AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 3.2 – Details of Excluded Accounts [only regarding Germany]

Type of FI		Excluded Accounts (if applicable)		
		[Retirement & Pension Accounts, Non-Retirement Tax-favoured Accounts, Term-Life Insurance Contracts, Estate Accounts, Escrow Accounts, Depository Accounts due to not-returned overpayments, Other low-risk excluded Accounts]		
		Number of Accounts	Total Value covered	Total Income covered
Reporting FIs 	Custodial Institutions			
	Depository Institutions			
	Investment Entities (a)			
	Investment Entities (b)			
	Insurance Companies			
	Total			

This is to have an idea of how many accounts are (legally) not reported. These numbers should be tracked in case they increase, because they could indicate avoidance schemes

3.d) Current Challenges - Transparency / Statistics – Part 3



AEoI Statistics

Example: Publication by German Competent Authority, after compiling & sorting data received by German FIs

Part 3.3 – Details of ‘Nil Returns’ (“nothing to report”) [only regarding Germany]

Type of FI		Nil Returns			
		Number of FIs	Number of Accounts	Total Value covered	Total Income covered
Reporting FIs 	Custodial Institutions				
	Depository Institutions				
	Investment Entities (a)				
	Investment Entities (b)				
	Insurance Companies				
	Total				
Non-Reporting FIs 	Other low-risk Financial Institutions				
	Certain Retirement Funds				
	Qualified Credit Card Issuers				
	Exempt Collective Investment Vehicles				
	Trustee Documented Trusts				

This is to have an idea of how many FIs may (legally) not report. These numbers should be tracked in case they increase, because they could indicate avoidance schemes

4) Conclusions

- In perspective, AIE via CRS is important breakthrough
- Covers individuals and look-through of (some) companies, trusts, foundations

But important risks exist:

- Developing Countries inclusion? Interests? Pilot program?
- Holdouts – USA, Lebanon, Panama?
- Implementation (wider approach, sanctions), loopholes
- Requirement of public statistics to independently monitor effectiveness, (re)build trust, increase scope – potential in ToR of GF? Example of [Australia](#)

Literature I

- Boyce, J. & Ndikumana, L, 2011. *Africa's odious debts: how foreign loans and capital flight bled a continent*, Zed Books. Available at: <http://www.peri.umass.edu/236/hash/d51f23f2c47199a8885eb6bc6993f7a4/publication/482/> [Accessed July 30, 2013].
- Financial Action Task Force (FATF) 2010: Mutual Evaluation Report: Germany, in: www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Germany%20full.pdf; 10.5.2013.
- Knobel, Andres/Meinzer, Markus 2014a: Automatic Exchange of Information: An Opportunity for Developing Countries to Tackle Tax Evasion and Corruption (TJN-Report June 2014), London, in: <http://www.taxjustice.net/wp-content/uploads/2013/04/AIE-An-opportunity-for-developing-countries.pdf>; 10.9.2015.
- Knobel, Andres/Meinzer, Markus 2014b: "The end of bank secrecy"? Bridging the gap to effective automatic information exchange. An Evaluation of OECD's Common Reporting Standard (CRS) and its alternatives (TJN-Report 24 November 2014), London, in: <http://www.taxjustice.net/wp-content/uploads/2013/04/TJN-141124-CRS-AIE-End-of-Banking-Secrecy.pdf>; 20.3.2015.
- Meinzer, Markus 2010: Policy Paper on Automatic Tax Information Exchange Between Northern and Southern Countries (Tax Justice Briefing), London, in: http://www.taxjustice.net/cms/upload/pdf/AIE_100926_TJN-Briefing-2.pdf; 16.7.2012.
- Meinzer, Markus 2015: *Steueroase Deutschland. Warum bei uns viele Reiche keine Steuern zahlen*, München.
- Tax Justice Network 2012: The Price of Offshore Revisited. Key Issues, in: [www.taxjustice.net/cms/upload/pdf/The Price of Offshore Revisited Key Issues 120722.pdf](http://www.taxjustice.net/cms/upload/pdf/The_Price_of_Offshore_Revisited_Key_Issues_120722.pdf); 12.2.2013.
- Tax Justice Network 2014: OECD's Automatic Information Exchange Standard: A watershed moment for fighting offshore tax evasion? (TJN-Report 12 March 2014), London, in: www.internationaltaxreview.com/pdfs/TJN2014_OECD-AIE-Report.pdf; 10.9.2015.
- United States, Internal Revenue Service (IRS) 2012: Tax Gap for Tax Year 2006. Overview, in: http://www.irs.gov/pub/newsroom/overview_tax_gap_2006.pdf; 24.1.2012.
- Wilkinson, Richard/Pickett, Kate 2010: *The Spirit Level. Why Equality is Better for Everyone.*, London.

Literature II

Some of the links:

- www.bis.org/statistics/r_qa1509_hanx6b.pdf; 27.8.2015
- <http://www.taxjustice.net/2015/02/11/tax-transparency-swissleaks/>; 27.8.2015
- <http://www.oecd.org/ctp/exchange-of-tax-information/implementation-handbook-standard-for-automatic-exchange-of-financial-information-in-tax-matters.pdf>; 28.8.2015
- www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-financial-account-information-common-reporting-standard.pdf; 10.9.2015.
- http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/standard-for-automatic-exchange-of-financial-account-information-for-tax-matters_9789264216525-en#page100; 10.9.2015.
- <http://www.taxjustice.net/2015/01/26/loophole-usa-vortex-shaped-hole-global-financial-transparency-2/>; 10.9.2015.
- <http://www.economist.com/news/finance-and-economics/21645259-making-tax-transparency-standards-watertight-will-be-difficult-leaks-tap>; 10.9.2015.
- http://www.huffingtonpost.co.uk/andres-knobel/banking-industry_b_6076806.html; 10.9.2015.
- <http://www.taxjustice.net/2014/10/31/whos-coming-dinner-notes-information-exchange-laggards/>; 10.9.2015.
- <http://uncounted.org/2015/02/09/swissleaks-tax-transparency-accountability/>; 27.8.2015
- https://www.bundesbank.de/Redaktion/DE/Downloads/Veroeffentlichungen/Statistische_Beihefte_3/2015/2015_09_zahlungsbilanzstatistik.pdf?__blob=publicationFile; 2.3.2016

Thank you!

More Information:

- <http://steuergerechtigkeit.blogspot.com/>
- <http://www.taxjustice.net/>
- <http://foolsgold.international/>

tax justice network



Markus Meinzer
**STEUEROASE
DEUTSCHLAND**

Warum bei uns viele Reiche
keine Steuern zahlen



C·H·Beck

