

**ORGANIZATION
OF THE BLACK SEA
ECONOMIC
COOPERATION
(BSEC)**

**GLOBAL FORUM
ON TRANSPARENCY AND
EXCHANGE INFORMATION
FOR TAX PURPOSES
(GLOBAL FORUM)**

**REGIONAL TRAINING SEMINAR
FOR THE BSEC MEMBER STATES ON THE NEW
GLOBAL STANDARD FOR AUTOMATIC EXCHANGE OF FINANCIAL
ACCOUNT INFORMATION IN TAX MATTERS**

Ankara, 23-25 March 2015

Summary Proceedings

1. The Regional Training Seminar for the BSEC Member States, with the participation of other interested States, on the new Global Standard for Automatic Exchange of Financial Account Information in Tax Matters (AEOI Standard) was held in Ankara, Republic of Turkey, on 23-25 March 2015. It was jointly organized by the Organization of the Black Sea Economic Cooperation Permanent International Secretariat (BSEC PERMIS) and the Global Forum on Transparency and Exchange Information for Tax Purposes (Global Forum) with the support of the OECD's Global Relations Programme, the Ministry of Finance of the Republic of Turkey and the OECD-Ankara Multilateral Tax Centre.
2. The Seminar was organized following the proposal put forward during the Meetings of the BSEC Working Group on Banking and Finance held at the BSEC Headquarters on 28-29 November 2013 and on 30 May 2014, in accordance with which the Working Group had requested the BSEC PERMIS to explore with the Global Forum on Transparency and Exchange of Information for Tax Purposes the possibility of organizing a regional seminar for the BSEC Member States on exchange of information and share of good practices on tax issues in the course of 2015.
3. Following consultations with the Global Forum, it was agreed to hold the event in the format of the Regional Training Seminar for the BSEC Member States, with the participation of other interested States.
4. On the first day of Seminar, welcoming statements were delivered by Mr. Donal GODFREY, Deputy Head of Secretariat, Global Forum; and Mr. Samir AHMADOV, Executive Manager of the BSEC PERMIS.
 - i) Mr. Donal GODFREY in his welcoming remarks expressed his gratitude to BSEC and the Turkish Ministry of Finance for partnering in the training event. Mr. GODFREY provided an introduction to the Global Forum, explaining that it has membership of 125 member states on an equal footing, and 15 international organisations as observers. The Global Forum monitors the implementation of the standard of exchange of information on request for tax purposes through its peer review process. In the coming years, it will also monitor the

implementation of the new AEOI Standard. Mr. GODFREY added that the third important piece of the Global Forum's work is to provide support, training and capacity building for its members. As such, Mr. GODFREY expressed his enthusiasm for this training course, which is the second foundation training course to be held in the world.

ii) Mr. Samir AHMADOV welcomed the participants of the Seminar on behalf of the BSEC PERMIS. He expressed thanks and appreciation to the Global Forum Secretariat for organization of this first joint BSEC - Global Forum Seminar aimed at assisting of the interested BSEC Member States in the implementation of the new Global Standard for Automatic Exchange of Financial Account Information in Tax Matters. Mr. AHMADOV pointed out that this Seminar is one of the steps undertaken in implementing the BSEC Economic Agenda: Towards an Enhanced BSEC Partnership which sets the *Closer Cooperation in the field of Banking and Finance* among the goals in priority areas of action envisaging, *inter alia*, expanding dialogue on issues related to banking and financial sector regulations, supervision and exchange of information among the BSEC Member States and exploring opportunities for regional cooperation and coordination in combating crime in banking and financial services. It was mentioned that the BSEC Working Group on Banking and Finance started the discussion on the establishment of a BSEC mechanism to combat tax evasion and, in this context, promoting implementation of the Global Standard is an important tool of actions aimed at a reducing the tax evasion phenomenon in the BSEC Member States. The text of opening statement of Mr. Samir AHMADOV is attached as **Annex I**.

5. The following BSEC Member States participated in the Seminar:

Republic of Albania
Republic of Bulgaria
Georgia
Republic of Moldova
Romania
Russian Federation
Republic of Turkey
Ukraine

6. The following BSEC Observer also attended the Seminar:

Republic of Poland

7. The following Global Forum and Non BSEC Member States/Organizations participated in the Seminar:

British Virgin Islands
Republic of Cameroon
Republic of Ghana
Republic of Lithuania
Republic of Maldives
Kingdom of Norway
Republic of Seychelles
Republic of Uganda
World Bank Group

The list of participants is attached as **Annex II** and the Agenda/Program of the Seminar is attached as **Annex III**.

8. Mr. GODFREY and Ms. Melissa DEJONG from the Global Forum Secretariat addressed the Seminar as lead speakers and delivered the training course. The Presentation of the Global Forum on “The Common Reporting Standard Foundation Workshop” is attached as **Annex IV**. The course consisted of two and a half days, divided into three key sessions: introduction and context; key concepts in the AEOI Standard; and implementation considerations. Question and answer sessions were held throughout the presentations.

9. The first session provided an overview of the development of the AEOI Standard. This included an explanation of the purpose and key benefits of automatic exchange, which will be significant in detecting and deterring tax evasion. The introduction also demonstrated the groundswell of political commitment to the AEOI Standard, with over 90 jurisdictions (including many of the participants in the training course) already committed to undertaking their first automatic exchanges of information in 2017 or 2018. It was noted that the AEOI Standard builds closely on the United States’ Foreign Account Taxpayer Compliance Act (FATCA), which many jurisdictions are already implementing.

10. The second session covered the key concepts in the standard in detail. This was divided into five steps: (i) reporting financial institutions; (ii) review their financial accounts; (iii) to identify their reportable accounts; (iv) by applying the due diligence rules; (v) in order to report the required information. This session explained the technical definitions of these concepts in detail. Throughout the presentations, case studies were presented, which allowed the participants to apply their knowledge in a practical manner.

11. The third session focussed on practical considerations for implementing the AEOI Standard. This included the policy choices that will be made by jurisdictions, such as structuring their legislative framework, considering the use of the options included in the AEOI Standard and how to ensure effective compliance with the AEOI Standard. Administrative and information technology requirements were also discussed, as well as the importance of effective use of the information in tax compliance efforts. Finally, the importance of confidentiality and data safeguards were stressed, as this will be critical to ensuring that automatic exchange of information is a success.

12. On the final day, an exchange of country experiences was undertaken. The participants worked in small groups to develop a plan for implementing the AEOI Standard, assuming a timeline of first exchange of information in 2018. The groups considered the type of legislation required, the stakeholders that should be consulted and the key milestones to be reached. This exercise was designed to help equip participants as they return to their home jurisdictions and continue working on implementing the AEOI Standard.

Final Discussions and Conclusions

13. The following points were made in conclusion:

13.1. Implementing the AEOI Standard is an economic priority across the globe, and will significantly assist tax authorities in addressing tax evasion. It will provide tax authorities

with information each year on the financial accounts of their residents that are held abroad. As such, implementation of the AEOI Standard will uncover previously concealed financial assets held in foreign jurisdictions, and will deter taxpayers from future evasion.

13.2. In order to implement the AEOI Standard, participant jurisdictions should prepare a structured implementation plan. This could include the creation of a project team, led by a senior official, with clearly defined milestones and responsibilities.

13.3. The most pressing task of participant jurisdictions that are implementing the AEOI Standard is to create the legislative framework. Consideration should be given to how the legislative framework should be structured, including having regard to the implementation of FATCA, and how subsidiary legislative mechanisms and guidance can be used efficiently. International agreements will also be required to permit and govern the automatic exchange of information with treaty partners.

13.4. The AEOI Standard requires reporting financial institutions to undertake a substantial degree of customer due diligence and information reporting, which must be completed in the near future. As such, participant jurisdictions should inform and consider consulting with their financial industry early to ensure a high degree of awareness of these obligations, and to allow financial institutions to adequately prepare.

13.5. Participant jurisdictions should also consider the effectiveness of the AEOI Standard. This includes consideration of the effective use of information received in domestic tax compliance programs, as well as measures to ensure compliance by the reporting financial institutions.

13.6. The integrity of the international automatic exchange of information depends on the ability of jurisdictions to meet the confidentiality and data safeguards requirements. Participant jurisdictions should consider areas in which their existing information security practices may require strengthening. The confidentiality questionnaire contained in the AEOI Standard can be useful for this purpose.

13.7. As the timeframes for implementing the AEOI Standard are challenging, the participants are encouraged to continue to share experiences as they work toward their implementation targets.

13.8. The BSEC PERMIS supports the ongoing work of the Global Forum to assist in implementation, including additional training courses, resource materials, pilot projects for developing countries and a forum for ongoing sharing of best practices.

14. The participants expressed their sincere thanks and gratitude to the Global Forum, the BSEC PERMIS and the OECD-Ankara Multilateral Tax Centre for the contribution to and organization of the Seminar, as well as for the warm hospitality extended to them during their stay in Ankara. The participants also agreed to submit the present Summary Proceedings to the BSEC Working Group on Banking and Finance for further consideration.