

GLOBAL FORUM ON
**TRANSPARENCY AND EXCHANGE OF
INFORMATION FOR TAX PURPOSES**

Tax Transparency in Asia 2024

Asia Initiative Progress Report



16th Global Forum plenary meeting, 29 November-1 December 2023, Lisbon, Portugal.



Preface

After one year of active engagement, the Asia Initiative has turned the disparities into strengths and encouraged its members to move collectively in the forefront of the fight against tax evasion to support domestic resources mobilisation. The saying “coming together is a beginning; keeping together is progress; working together is a success” rings true for the Asia Initiative. Its members indeed came together in 2022 and signed the Bali Declaration, kept together to develop their regional tax transparency agenda and have since worked together to meet the high-level priorities they have established.

Although the restrictions linked to the Covid-19 pandemic are now a part of the past, the economic downturn it caused, besides the impetus that it provided to the Asia Initiative, is still present. In 2023, Asian jurisdictions continued to grapple with balancing the need for economic growth with concerns about sustainability and resilience in the face of global uncertainties. The need of a sustainable recovery and long-standing mobilisation of domestic resources is on top of the priorities list of Asian jurisdictions.

Lifted by the momentum of two successive G20 Presidencies held by Asian countries and driven by its Co-Chairs’ ambitions for Asia, the year 2023 was a milestone for the Asia Initiative. The stocktaking is encouraging, and the efforts of the members of the Initiative, accompanied by dedicated capacity-building activities, paid off.

In 2023, the Philippines endorsed the Bali Declaration and was welcomed as the 17th Asia Initiative member.

In addition, various outreach activities to expand the membership of Asia Initiative and the Global Forum on Transparency and Exchange of Information for Tax purposes (Global Forum) were undertaken in the region. It led to the participation as observers of non-member countries to the Fifth Asia Initiative meeting held in Lisbon, Portugal. It created an opportunity for them to participate in discussions with their regional peers about the importance of transparency and exchange of information to tackle tax evasion and other illicit financial flows (IFFs).

Generally, the implementation and the use of the standards on transparency and exchange of information have been progressing positively. In particular, Asia Initiative members continued to enhance the use of exchanged information with tangible impact on domestic resource mobilisation: at least EUR 1.8 billion in additional revenue (tax, interest, and penalties) have been identified in 2023, thanks to the implementation and use of the tax transparency standards.

22

ASIAN MEMBERS OF THE GLOBAL FORUM

Armenia • Azerbaijan • Brunei Darussalam • Cambodia • China (People’s Republic of)
• Georgia • Hong Kong (China) • India • Indonesia • Japan • Kazakhstan • Korea
• Macau (China) • Malaysia • Maldives • Mongolia • Pakistan • Philippines
• Singapore • Thailand • Uzbekistan • Viet Nam

In italics, members of the Global Forum which are not members of the Asia Initiative.

The implementation of the standard on automatic exchange of financial account information is also expanding in the region, with Armenia and Mongolia joining the other 16 Asian jurisdictions committed to implement this standard by a specific date. In addition, Thailand started its first automatic exchanges, bringing to 15 the number of Asian jurisdictions already carrying out this form of co-operation. Many jurisdictions in the region took advantage of the strong and diversified capacity-building activities made available by the Global Forum and its partners.

These positive actions illustrate the commitment of these jurisdictions in the region to advance the tax transparency agenda.

This report reflects the dedication of Asian members of the Global Forum in implementing and using the tax transparency standards to tackle tax evasion and other IFFs for the benefit of their citizens.

Through their collaboration, the members of the Asia Initiative, the Global Forum and the development and technical partners have taken concrete actions to pursue the objectives of the Bali Declaration. We extend our deepest gratitude to all those involved for their contributions to this agenda and look forward to continuing our work together to achieve greater transparency, fairness, and integrity in the tax systems.



Rustam Badasyan
Co-Chair
Asia Initiative



Zayda Manatta
Head of the Global
Forum Secretariat



Gaël Perraud
Chair
Global Forum



Sanjay Malhotra
Co-Chair
Asia Initiative

5

PARTNERS OF THE ASIA INITIATIVE

Asian Development Bank • Commonwealth Association of Tax Administrators
• International Finance Corporation • Study Group of Asia-Pacific Tax
Administrations and Research • World Bank

2

OBSERVERS OF THE ASIA INITIATIVE IN 2023

Lao People's Democratic Republic • Tajikistan



Bali Declaration (Asia Initiative Declaration) signing ceremony, 14 July 2022, Bali, Indonesia.

Acknowledgements

The *Tax Transparency in Asia 2024* report is the second progress report of the Asia Initiative. It provides an overview on the progress achieved in Asia between 2022 and 2023.

The authors are grateful to the officials from the ministries of finance and tax authorities of the 21 Asian members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) which provided data for producing the report by responding to the 2024 Tax Transparency in Asia survey. Their efforts in gathering the most accurate data and their patience in providing further clarifications have been critical to the quality of this report. In addition, the authors acknowledge the participation of two Asian countries not member of the Global Forum (Lao PDR and Tajikistan), which contributed to the content of the report.

Finally, the Global Forum Secretariat expresses its appreciation to the five development partners of the Asia Initiative for supporting the Asia Initiative work and for promoting the tax transparency agenda in Asia.

* This report was prepared by the following staff of the Global Forum Secretariat: Aurore Arcambal, Namiko Kobayashi and Colin Yan, under the supervision of Hakim Hamadi, Head of the Capacity-Building and Outreach Unit, and Zayda Manatta, Head of the Global Forum Secretariat.

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INITIATIVE:
 NG CEREMONY
 JULY 2022



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Abbreviations and acronyms

| | |
|----------------------|---|
| ADB | Asian Development Bank |
| AEOI | Automatic Exchange of Financial Account Information |
| AML | Anti-money laundering |
| APRG | Automatic Exchange of Information Peer Review Group |
| CA | Competent Authority |
| CATA | Commonwealth Association of Tax Administrators |
| CRS | Common Reporting Standard |
| CRS-MCAA | Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information |
| CTS | Common Transmission System |
| DRM | Domestic Resource Mobilisation |
| DTC | Double Taxation Convention |
| EOI | Exchange of Information |
| EOIR | Exchange of Information on Request |
| FATF | Financial Action Task Force |
| Global Forum | Global Forum on Transparency and Exchange of Information for Tax Purposes |
| GST | Goods and Services Tax |
| IFC | International Finance Corporation |
| IFFs | Illicit Financial Flows |
| ISM | Information Security Management |
| MAAC | Convention on Mutual Administrative Assistance in Tax Matters |
| MCAA | Multilateral Competent Authority Agreement |
| MIRA | Maldives Inland Revenue Authority |
| OECD | Organisation for Economic Co-operation and Development |
| SAARC | South Asian Association for Regional Co-operation |
| SGATAR | Study Group on Asian Tax Administration and Research |
| TIEA | Tax Information Exchange Agreement |
| ToR | Terms of Reference |
| VAT | Value Added Tax |
| VDP | Voluntary Disclosure Programme |
| Working Group | Asia Initiative Working Group on the Effective Use of CRS Data |

Executive summary

Global Forum members, including members of the Asia Initiative, continue to deploy their efforts to advance the tax transparency agenda. As observed in the previous edition of *Tax Transparency in Asia*, published in 2023, jurisdictions in the region are strengthening their exchange of information (EOI) resources, training staff, and developing and using technical tools to champion EOI.



Executive summary

In 2023, at least EUR 1.8 billion in additional revenue (tax, interest, and penalties) have been identified thanks to exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI), including related-voluntary disclosure programmes and offshore tax investigations. This brings to at least EUR 21.8 billion the additional tax revenues identified due to EOI since 2009 in Asia.

The level of commitment to the tax transparency agenda remained very high in the region.

- The Philippines added its voice to the work undertaken by the Asia Initiative by endorsing the Bali Declaration and joining the 16 other signatories.
- Viet Nam became a Party to the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) by signing and ratifying in the same year this powerful multilateral convention that allows all forms of administrative co-operation between tax authorities, including exchange of information in line with the international standard on transparency and exchange of information for tax purposes (tax transparency standards).
- Thailand successfully started its first reciprocal automatic exchanges, meeting its commitment and joining the 14 other Asian Global Forum members which have started AEOI.
- Armenia and Mongolia committed to start their first AEOI by 2025 and 2026 respectively, bringing to 18 the number of committed jurisdictions in the region.
- Six Asian Global Forum members committed to work towards swiftly implementing the Crypto-Asset Reporting Framework, along with the amendments brought to the Common Reporting Standard in time for exchanges to commence, in principle, by 2027.

In addition, the leadership of the Initiative, its members and partners along with the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) continued to raise awareness on the benefits of tax transparency and the participation in the Asia Initiative and reached

out to both Asian Global Forum members that have not yet joined the Bali Declaration and non-members of the Global Forum to encourage them to join the tax transparency agenda through the Global Forum and the Asia Initiative. In 2023, two non-members of the Global Forum, Lao People's Democratic Republic and Tajikistan, participated in the Asia Initiative meetings as observers.

The implementation of the tax transparency standards is progressing in the region with most of the Asian members of the Global Forum building solid EOI infrastructure and obtaining a satisfactory rating in their peer review on EOIR and AEOI. Those facing challenges to meet a satisfactory rating are closely working with the Global Forum Secretariat to improve their legal framework and/or its implementation in practice to get their current status revisited. One area where further improvement is recommended is the availability of beneficial ownership information, and therefore capacity building in this matter is a focus for the Global Forum Secretariat.

Asia has benefitted from a strong capacity-building programme, which has contributed to support the effective implementation of the tax transparency standards and their efficient use to mobilise domestic revenue. Acknowledging that further support is required and requested, the Global Forum Secretariat, with the support of its development and technical partners, intensified its offer in 2023:

- Over 1 000 officials from the 22 Asian Global Forum members have attended 30 training and sharing-experience events organised by the Global Forum Secretariat, including with partners, on different areas of tax transparency.
- 47% of the Asian participants in capacity-building activities were female officials.
- 16 Asian jurisdictions benefited from bilateral technical assistance.
- 17 participants from 8 Asian members of the Global Forum participated in the nine-month Train the Trainer programme. The laureates conducted 16 local training sessions and trained 557 officials from their respective jurisdictions.

- Four women from four Asian Global Forum members successfully participated in the Women Leaders in Tax Transparency programme, which aims at supporting gender equality and promotion of female leadership.
- 21 officials from 7 Asian Global Forum members participated in the Information Security Management Network, aimed at building capacities and sharing experience in this very technical area, which is critical to ensure an appropriate confidentiality and data safeguards framework for EOI.

Collaboration with partners has been a major asset to create effective synergies that facilitate the implementation of the tax transparency commitments in the region. Together with the Global Forum, and through coordinated approaches, they have helped to respond to the growing demand for more and more in-depth capacity building and assistance in the region.

The Asia Initiative also agreed on its priority complementary actions aimed at supporting interested members in building capacities and skills in other

forms of administrative cooperation offered by the MAAC. One key achievement in 2023 was the creation of a Working Group on the Effective Use of Common Reporting Standard (CRS) Data composed of 27 tax experts from 14 Asian members of the Asia Initiative which is mandated to come up with strategy, framework and procedures, as well as tools and methods, for the effective use of the CRS data received.

Despite the significant progress achieved in the region, there is still room for growth and improvement to reach a full and effective implementation and use of the tax transparency standards. Looking forward and building on the impactful capacity-building programme provided to Asian jurisdictions, the Global Forum Secretariat and the partners will pursue their joint efforts to provide bilateral and multilateral technical assistance, organise trainings and create knowledge tools and e-learning courses to bolster EOI knowledge and skills across the region in all areas relevant for tax transparency. This strategic direction aims to harness the full potential of tax transparency for revenue mobilisation in Asia and effective tackling of all forms of illicit financial flows.



5th meeting of the Asia Initiative – 28 November 2023, Lisbon, Portugal.



5th meeting of the Asia Initiative – 28 November 2023, Lisbon, Portugal.



Tax transparency in Asia at a glance



At least EUR 21.8 billion in additional revenue have been identified by Asian members of the Global Forum on Transparency and Exchange of Information for Tax Purposes Global Forum (since 2009). In 2023 alone, at least EUR 1.8 billion were identified following the implementation and use of the tax transparency standards: exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI).

Building up from the different capacity-building and experience-sharing activities organised by the Global Forum with its partner organisations, Asian jurisdictions have made progress in the implementation of the tax transparency

standards and the development of an exchange of information (EOI) infrastructure. They also used these standards effectively to mobilise domestic revenue. The situation is however uneven across Asia. Further progresses are therefore needed to ensure that all Asian members of the Global Forum fully benefit from the tax transparency standards.

The Asia Initiative in 2023

17 signatories of the Bali Declaration: Armenia, Brunei Darussalam, China (People's Republic of), Hong Kong (China), India, Indonesia, Japan, Kazakhstan, Korea, Macau (China), Malaysia, Maldives, Mongolia, Pakistan, the Philippines, Singapore, and Thailand.

5 partners: Asia Development Bank / Asia Pacific Tax Hub, Commonwealth Association of Tax Administrators, International Finance Corporation, Study Group on Asian Tax Administration and Research, and World Bank.

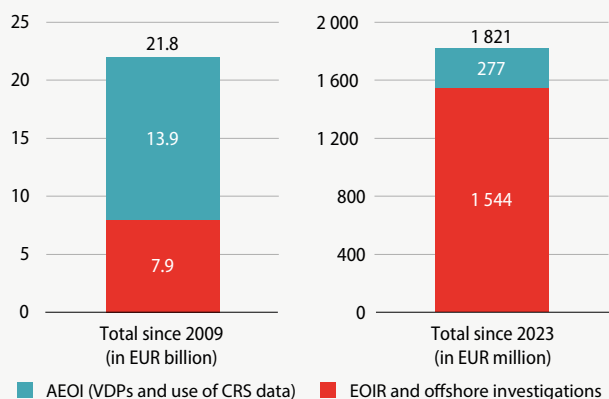
Asia in the Global Forum

22 Asian jurisdictions are members of the Global Forum (12.8% of the total membership): Armenia, Azerbaijan, Brunei Darussalam, Cambodia, China (People's Republic of), Georgia, Hong Kong (China), India, Indonesia, Japan, Kazakhstan, Korea, Macau (China), Malaysia, Maldives, Mongolia, Pakistan, the Philippines, Singapore, Thailand, Uzbekistan, Viet Nam.

Impact of exchange of information on domestic resource mobilisation in Asia

Over 2009-2023, 13 Asian Global Forum members have identified at least EUR 21.8 billion in additional revenue (tax, interest and penalties) through the use of EOIR and AEOI, including related voluntary disclosure programmes (VDPs) and offshore tax investigations. A breakdown of this total amount shows that at least EUR 7.9 billion additional revenues were identified as a result of EOIR and offshore investigations and at least EUR 13.9 billion through the use of automatically exchanged data and related VDPs. At least EUR 1.8 billion have been identified through EOIR (EUR 1.5 billion) and AEOI (EUR 277 million) in 2023.

Revenues identified as a result of EOI since 2009 and in 2023



AEOI implementation in Asia

With Armenia and Mongolia committing in 2023 to start their first automatic exchanges by 2025 and 2026 respectively, the number of AEOI committed jurisdictions in Asia reaches 18. Out of them, 15 have already started exchanging CRS data, including Thailand in 2023.

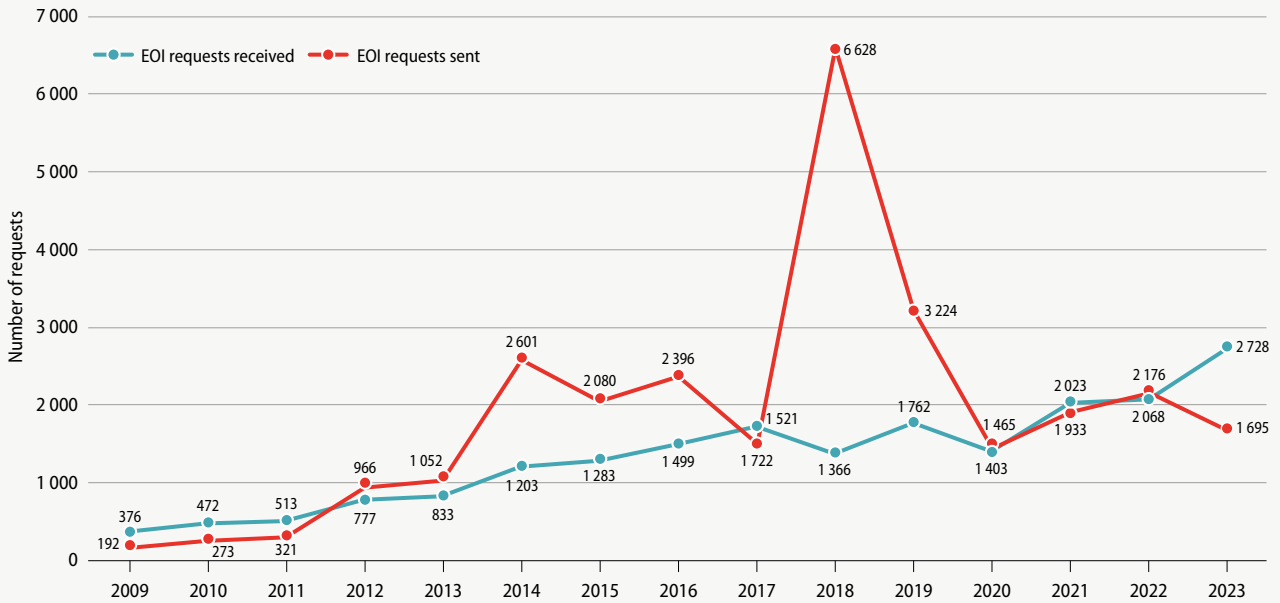
| Year of first exchanges | Country |
|-------------------------|--|
| 2017 | India, Korea |
| 2018 | Azerbaijan, Brunei Darussalam, China (People's Republic of), Hong Kong (China), Indonesia, Japan, Macau (China), Malaysia, Pakistan, Singapore |
| 2021 | Kazakhstan |
| 2022 | Maldives |
| 2023 | Thailand |

| Year of first exchanges | Country |
|--|---|
| Commitment to start AEOI in 2024 | Georgia |
| Commitment to start AEOI in 2025 | Armenia |
| Commitment to start AEOI in 2026 | Mongolia |
| Not yet committed to AEOI by a specific date | Cambodia, Philippines, Uzbekistan, Viet Nam |

Requests sent and received by Asian members

While Asian members continue to use EOIR steadily, in 2023, the cumulative number of requests they sent decreased, while the number of requests they received increased significantly. Asian jurisdictions that joined the Global Forum less than ten years ago are gradually intensifying the use of EOIR.

Number of EOIR requests sent and received by Asian members, 2009-2023



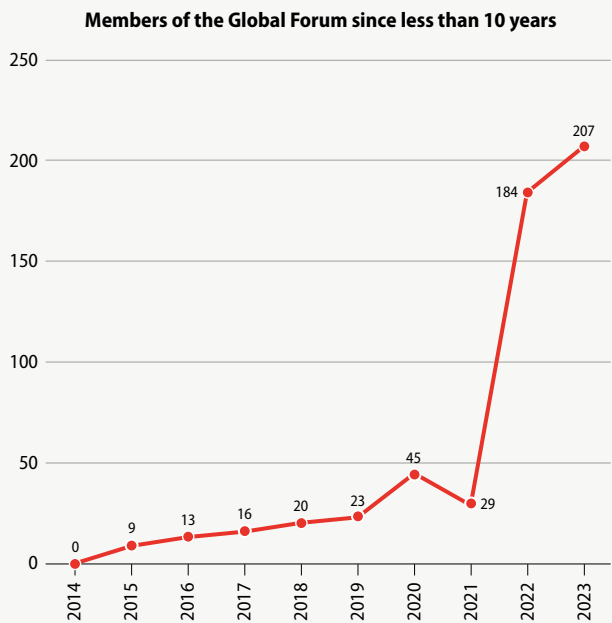
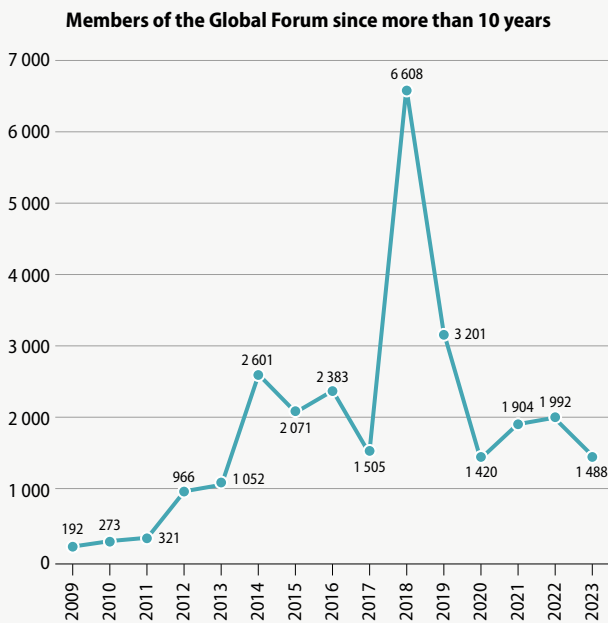
22
billion EUR
additional revenue
since 2009

At least EUR 21.8 billion in additional revenue have been identified by Asian members of the Global Forum since 2009.

1.8
billion EUR
additional revenue
identified in 2023

At least EUR 1.8 billion have been identified in 2023 through exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI)

Total number of EOIR requests sent by period of Global Forum membership, 2009-2023



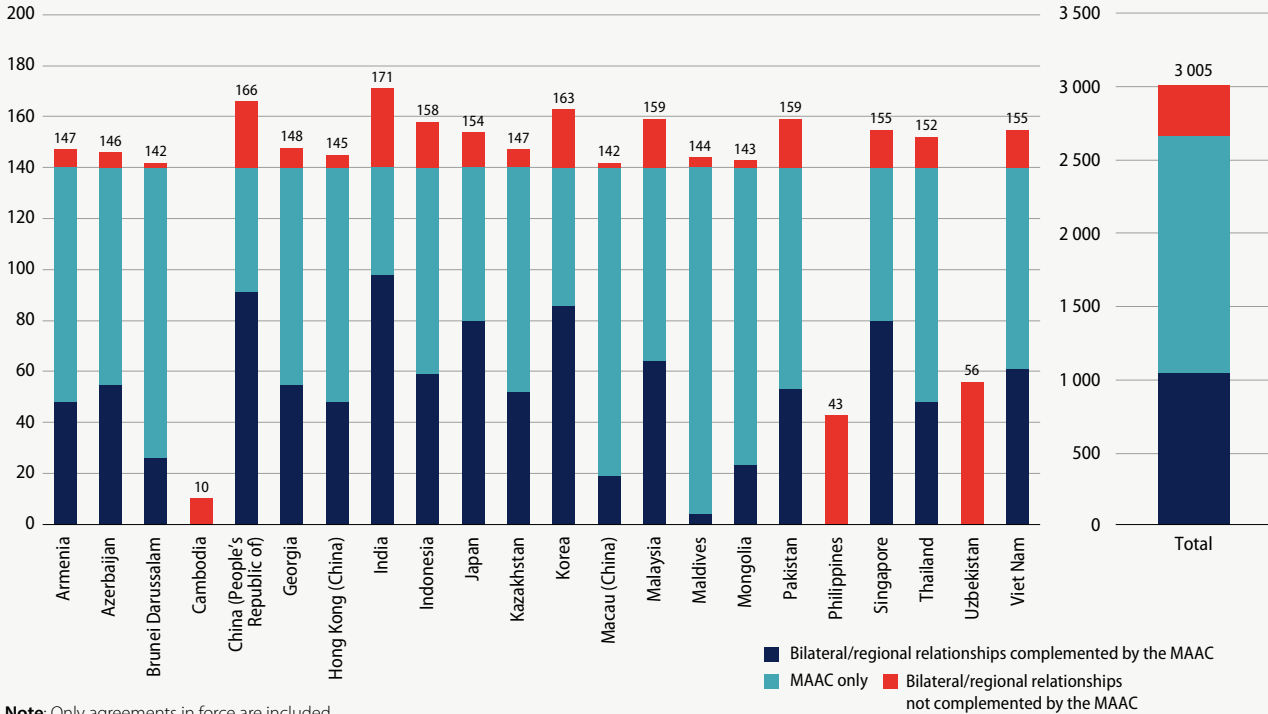
Note: Responses from 21 Asian Global Forum members.

Source: Tax Transparency in Asia survey 2024.

A growing exchange of information network

Asian members have entered into numerous bilateral EOI agreements to foster tax co-operation with partners. With additional bilateral agreements entered into force in 2023, and Viet Nam's ratification of the Convention on Mutual Administrative Assistance in Tax Matters (MAAC), the number of bilateral EOI relationships increased from over 2 800, to more than 3 000 last year. Most Asian members have an EOI network covering more than 140 jurisdictions.

Asian members' EOI relationships in force

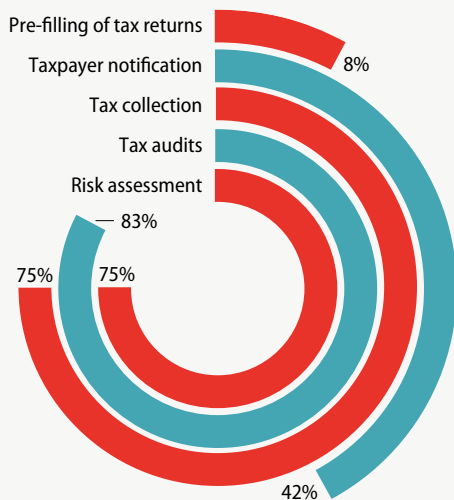


Note: Only agreements in force are included.

Source: Global Forum Secretariat.

Effective use of automatically-exchanged data (CRS data) by Asian members

Twelve Asian members have reported on their use of CRS data to support on-going tax activities, e.g. risk assessment, tax audits, tax collection, pre-filling of tax returns or notification of taxpayers.

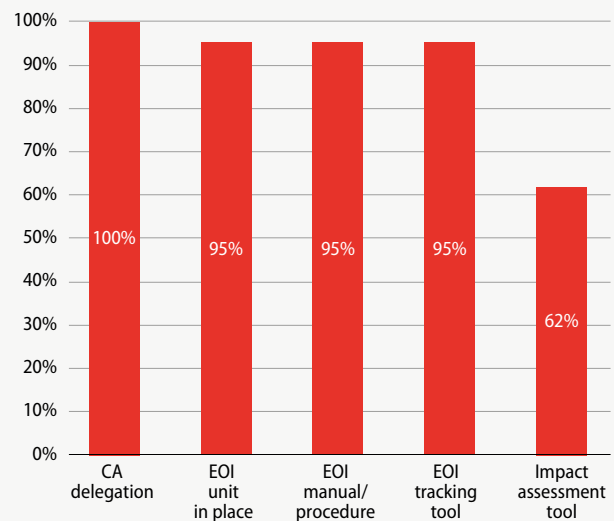


Note: Information from the 12 Asian Global Forum members which are receiving CRS data.

Source: Tax Transparency in Asia survey 2024.

Infrastructures for the exchange of information in Asia

Most Asian members have a robust EOI infrastructure with a functional EOI unit in place, equipped with tools and knowledgeable staff. It is important to note that only a limited number of jurisdictions have so far implemented assessment tools to monitor the additional revenue collected through EOI, and in support of domestic resource mobilisation.



Note: Responses from 22 Asian members.

Source: Tax Transparency in Asia surveys 2023 and 2024.

A year of elevating international tax co-operation in Asia

1

Worldwide economies are still stressed after the global economic downturn caused by the COVID-19 pandemic and then further exacerbated by the threatening geopolitical climate. National budgets continue to be strained and mobilising domestic revenue was in 2023 again a clear public policy priority for many countries, including in Asia. While the region is considered as a driver in the global growth and innovation, the rapid economic expansion has not spared it from the scourge of tax evasion and other illicit financial flows (IFFs) that hinders domestic resource mobilisation (DRM) and undermines the integrity of tax systems.

Recognising that strong and concrete measures were rapidly needed to restore public trust and achieve a sustainable recovery, and convinced that multilateral co-operation is key to DRM, 16 Asian members' governments affirmed in 2022, through their endorsement of the Bali Declaration¹, their political engagement to an enhanced international co-operation, a corner stone of effectively fighting tax evasion and other IFFs.

One year after its establishment, the Asia Initiative has developed as a platform for enhanced collaboration. The Asia Initiative members continue to demonstrate their engagement and advocate for all Asian countries which are not members of the Global Forum or the Asia Initiative, to join the global and regional efforts to narrow the gaps which give taxpayers some leeway to attempts to evade tax, compromising government's efforts to collect the revenues needed to achieve their sustainable development goals². The activities that took place in 2023 contributed to establishing a collaborative, open and sharing platform, which has played an important role in advancing tax transparency domestically and regionally.

A SUCCESSFUL OUTREACH

Outreach activities are a key component of the Asia Initiative to extend and consolidate the tax transparency agenda in the region and raise awareness among the Asian countries which are not yet members of the Global Forum and the Asia Initiative on the benefits of implementing and using for DRM purposes the tax transparency standards, i.e. exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI) under the Common Reporting Standard (CRS).

One of the strengths of the Asia Initiative is that it brings together jurisdictions which are neighbours, share strong economic ties, close culture and history, face similar challenges and which work together to find tailored solutions to their specific needs. This necessitates tight collaboration but more importantly, a whole-of-region approach. Since its inception and as an affirmed priority for the leadership of the Asia Initiative, all Asian members of the Global Forum are expected to benefit from joining the Asia Initiative. In addition, more needs to be done to reach out to Asian countries³ not yet involved in the tax transparency collective efforts.

1. The text and signatories of the Bali Declaration can be found at <https://www.oecd.org/tax/transparency/documents/Bali-Declaration.pdf>.

2. Resolution adopted by the General Assembly of the United Nations on 25 September 2015, A/RES/70/1, Transforming our World: The 2030 Agenda for Sustainable Development, available at <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>.

3. There are currently 11 Asian countries which are not yet members of the Global Forum.

“After two years leading the Asia Initiative, I have found that advancing tax transparency relies on a combination of several factors. Strong commitment at the highest level to promote and maintain inclusiveness on tax transparency agenda within the region is the starting point. Working together to maximise interest in exchange of information (EOI) within domestic administrations and reinforcing the capacities and infrastructures to facilitate EOI is also crucial. The Asia Initiative through its ambitious work plan delivers several capacity-building activities. This ensures that officials are trained effectively so tax administrations can detect and are equipped to counter non-compliant behaviours. Finally, it is vital to proactively reach out to all countries in the region to ensure that Asia as a whole reaps the benefits of EOI by using the tools available. I have no doubt that the Asia Initiative is part of the solution to sustain the mobilisation of domestic resources in Asia. My term as Co-Chair has come to an end but this does not mean the engagement towards advancing tax transparency I strive for will stop. I will continue to support and be an active participant in the Asia Initiative as tax transparency has always been a priority for Indonesia.”

Suryo Utomo, Co-Chair of the Asia Initiative (2022-2023), Director General, Directorate General of Taxation, Ministry of Finance, Republic of Indonesia



A year of elevating international tax co-operation in Asia

As a result of these activities, the Asia Initiative welcomed the Philippines as its 17th member on 20 January 2023. The endorsement of the Bali Declaration by the Philippines reiterates its commitment to implement the tax transparency standards fully and effectively (see Box 1). With the other members of the Asia Initiative, the Philippines is adding their weight to the strong political support to a framework for and led by Asian jurisdictions to harness the potential of tax transparency for DRM in the region through multilateral co-operation, knowledge and experience sharing, and implementation and effective use of the exchange of information (EOI) tools. The leadership of the Asia Initiative will continue its efforts to promote the Asia Initiative to the five Asian members of the Global Forum that are still not participating to this regional programme.

The efforts to raise awareness among Asian countries that are not yet participating to the tax transparency agenda are also producing effects. As 11 countries (35% of the total Asian countries) in the region have not yet joined the Global Forum and committed to implement the tax transparency standards, the Asia Initiative members agreed to invite, where appropriate, some of these Asian countries to attend their meetings as observers. In 2023, eight non-members were invited to attend the Fifth High-Level Meeting of the Asia Initiative as observers.

Through a coordinated approach among the leadership and membership of the Asia Initiative, the Secretariat and its partners, which took advantage of regional events to share the relevance of exchange of information (EOI) and explain the Initiative and its activities, two observers (Lao People's Democratic Republic) attended this meeting. They benefitted from the opportunity to witness the regional impact of tax transparency, learn directly from peers about their experience in implementing and using the standards, and better understand the relevance of the EOI tools in their specific context. This peer-to-peer experience sharing has informed these non-members on the potential of tax transparency and the regional and global dynamic in this area. Since then, regular contacts are ongoing, and support has been provided where required. The Asia Initiative decided to continue inviting observers to its next meetings to encourage them to join the Global Forum and the Asia Initiative with a clear understanding of what the membership entails.

“Based on our strategic goal of modernising the tax system and balancing the objectives of mobilising revenue from domestic taxes and developing the private sector, we have made efforts to learn more about the Asia Initiative. This experience has proven to be beneficial and has strengthened our confidence that such a regional forum can be a motivating factor for Tajikistan in addressing global tax issues, even though we have not yet joined the Global Forum.”



Participation in the Fifth Meeting of the Asia Initiative allowed us to closely examine the challenges of the exchange of information through the perspectives of our neighbours and provided us with the opportunity to engage directly with them.

The Tax Committee intends to continue interacting with other tax authorities in this direction. “

N. M. Davlatzoda, Chairman of the Tax committee, Republic of Tajikistan

“Attending the Asia Initiative Fifth meeting has been very valuable for the Lao People's Democratic Republic (Lao PDR). We witnessed the collaborative atmosphere and shared expertise among all Members and development partners and have now a clearer vision of the impact such initiative may have for us in our efforts to enhance domestic resource mobilisation. As Lao PDR continues to recover from the pandemic, our financial needs are substantial to support households and invest in vital sectors like health and education. We are hopeful that by leveraging these partnerships, Lao PDR can adopt best practices and innovative strategies to ensuring sustainable economic growth and resilience in these challenging times.”



Bounpaseuth Sikounlabouth, Director General of the Tax Department, Lao People's Democratic Republic

BOX 1. **Interview with the Secretary of Finance of THE PHILIPPINES**



The Philippines has always been engaged in the tax transparency work and it is natural that it brought its political voice to support the objectives of the Bali Declaration, becoming therefore the 17th member of the Asia Initiative in January 2023. The Secretary of Finance, **Mr Ralph Gonzalez Recto**, explains what motivated the Philippines to take this new step.

Why did The Philippines decide to join the Asia Initiative?

The decision of the Philippines to join the Asia Initiative highlights its dedication to international tax transparency efforts. By participating, the country aims to cooperate with regional neighbours to enhance international collaboration and bolster tax systems across Asia. As a growing economy with multinational corporations, this move will elevate

the Philippines' standing as a responsible global player and stimulate economic growth by attracting foreign investments.

What is your expectation as a new member?

The Philippines anticipates gaining insights from other Asian nations facing similar economic and political challenges in adopting and implementing new standards for information exchange. Through these efforts, we seek to actively combat international tax evasion and illicit financial activities, promote equitable tax practices, and ultimately increase revenues for the nation.



A THRIVING INITIATIVE IN ACTION

The mandate of the Asia Initiative is to support the realisation of the high-level objectives of the Bali Declaration. To that end, the Asia Initiative's work is driven by a multi-year high-level work plan that reflects the priority activities for the whole duration of its mandate, which runs until 2026. This work plan provides for baseline actions and complementary actions (see Table 1). The baseline actions are the fundamental actions that all Asia Initiative members should engage in to be able to benefit from EOI. Beyond the baseline actions, the Asia Initiative decided to also set complementary actions that are implemented only by Asia Initiative members with a special interest in advancing those topics.

To organise the activities that should be delivered during 2023, an annual work plan was approved at the Fourth High-Level Meeting of the Asia Initiative. It resulted in several virtual and in-person training and experience-sharing events, as well as in the establishment of a Working Group on the Effective Use of CRS Data (see Table 2). In addition, the Asia Initiative maintained the momentum and promoted interaction up with the two other regional initiatives in Africa and Latin America, recognising the synergies between the different work plans. It finally considered the use of EOI to tackle cases of fraud to the Value Added Tax (VAT) / Goods and Services Tax (GST).

TABLE 1. **Plan of activities for the Asia Initiative**

| | | | | | | |
|-----------------------------|--|---------------------------|------------------------|----------------|--|-------------------------|
| 1. Baseline actions | Agreed fundamental actions for which all members of the Initiative should establish a legal, organisational and monitoring framework to obtain the greatest benefit from EOI | | | | | |
| 2. Complementary actions | Wider use of EOI data | Effective use of CRS data | Recovery of tax claims | EOI on VAT/GST | Other forms of administrative tax co-operation | Other areas of interest |

A year of elevating international tax co-operation in Asia

In its first year of operation, the Asia Initiative could count on its leaders, members and partners to steer the work in line with the set direction. On the dawn of its second year of activities, the Asia Initiative members will move towards a smooth transition to the next Co-Chair Mr Rustam Badasyan, Chairman of the State Revenue Committee of Armenia, while counting on the leadership and support of Mr Sanjay Malhotra, Revenue Secretary of the Ministry of Finance of India.

"In my new role as Co-Chair of the Asia Initiative, it is an honour for me to continue the legacy of my predecessor, Mr Utomo, and to work alongside Mr Malhotra to promote with great determination capacity-building activities in Asia to meet the specific needs of the region. I look forward to pursuing the advancement of the tax transparency agenda and I am confident that our members will continue to engage with us in the fight against tax evasion and other illicit financial flows and the sustainable mobilisation of domestic resources."



Rustam Badasyan, Chairman of the State Revenue Committee, Armenia.

TABLE 2. **Asia Initiative events in 2023**

| Asia Initiative meetings | Summary |
|---|---|
| 14-17 March 2023 – Training seminar on auditing cross border transactions: the crucial role of EOI (Nagpur, India) | The first in-person training of the Asia Initiative was attended by 25 tax officials from 5 Asia Initiative members. This four-day seminar was co-organised by the Department of Revenue of the Ministry of Finance of India, in coordination with the National Academy of Direct Taxes in Nagpur, and the Secretariat of the Global Forum. This training focused on the connection between the domestic tax investigations, the information gathering framework and the international infrastructure for EOI. Participants consolidated their knowledge on key concepts of transparency and EOI through a series of presentations, quiz exercises and an EOI simulation. |
| 27-28 April 2023 – 4th High-Level Asia Initiative meeting (New Delhi, India)^a | The meeting was attended by 51 participants from 14 Asia Initiative members and 4 partners, in the presence of the Chair of the Global Forum and with the participation of one Co-Chair of the Africa Initiative and the Chair of the Latin America Initiative (remotely). The first annual progress report, <i>Tax Transparency in Asia 2023^b</i> , was launched during the meeting. The delegates agreed on the annual work plan of the Asia Initiative, which consists of baseline and complementary actions. |
| 1 June 2023 – Experience-sharing workshop: tools and best practices to track EOI requests and to monitor the impact of EOI on revenue collection (virtual) | The experience sharing event was attended by 36 participants from 9 Asian Initiative members, which had an opportunity to raise their awareness on the tracking and the impact assessment tools developed by the Global Forum Secretariat and to hear from some members of the Asia Initiative how they are implementing the monitoring and tracking tools in their daily EOI functions. |
| 20-22 September 2023 – Regional seminar on strategies for effective tax co-operation: the foreseeable relevance in exchange of information (Nagpur, India) | The second in-person training under the Asia Initiative in 2023 was organized by the Department of Revenue of the Ministry of Finance of India, the National Academy of Direct Taxes in Nagpur and the Global Forum Secretariat. It was attended by 35 tax officials from 6 Asia Initiative members. The training aimed to equip Members with a thorough understanding of international standards and guidelines for drafting requests for information foreseeably relevant for tax purposes. |
| 17 November 2023 – Launch of the Working Group of the Asia Initiative on Effective Use of CRS Data. | The Asia Initiative put as one of its priorities the work on the effective use of CRS data and decided the setup a Working Group among interested members to share best practices and find common solutions that could enhance the use of CRS data. The Working Group was launched in 2023 and 14 Asia Initiative members nominated 2 officials to advance this activity. |
| 28 November 2023 – 5th High-Level Asia Initiative meeting (Lisbon, Portugal)^c | The meeting was attended by 65 participants from 17 Asia Initiative members and 6 partners. The delegates took stock of the progress achieved since April 2023 and discussed their expectations for Asia for the next two years. This meeting was also an opportunity to welcome Mr Rustam Badasyan, Chairman of the State Revenue Committee of Armenia, as the new Co-Chair for 2024-2025. |

Source: Global Forum Secretariat.

a. Statement of outcomes available at <https://www.oecd.org/tax/transparency/documents/4th-asia-initiative-meeting-outcomes.pdf>.

b. OECD / Global Forum, *Tax Transparency in Asia 2023, Asia Initiative Progress Report*, available at <https://www.oecd.org/tax/transparency/documents/tax-transparency-in-asia-2023.pdf>.

c. Statement of outcomes available at <https://www.oecd.org/tax/transparency/documents/5th-asia-initiative-meeting-outcomes.pdf>.

Domestic resources through tax transparency: a win for Asia

2

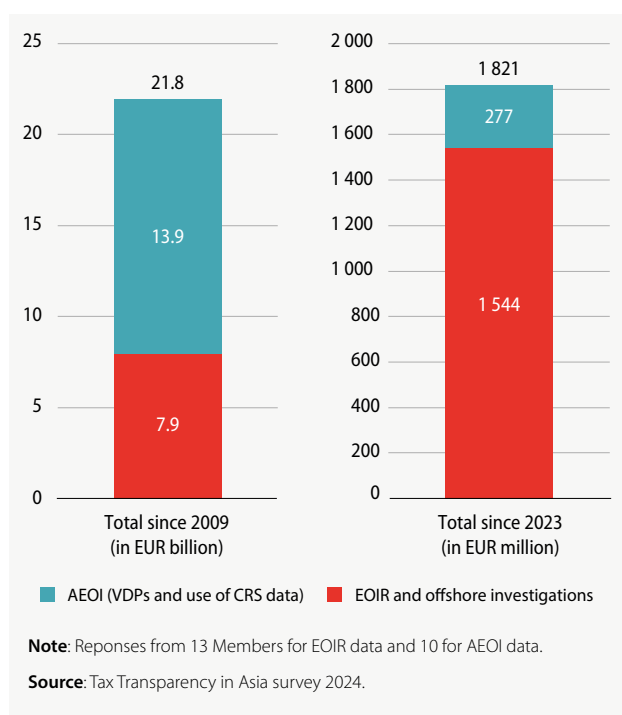
In 2023 alone, at least EUR 1.8 billion of additional revenue (taxes, interest, penalties) was identified by Asian members of the Global Forum through EOI and related VDPs. This brings to a minimum of EUR 21.8 billion the total value of revenue they have identified since 2009 (see Figure 1). This already impressive amount may be higher as only 62% of the Asian members of the Global Forum are measuring the impact of EOI on DRM. These significant figures demonstrate the huge DRM potential of cross-border administrative co-operation between tax authorities to combat tax evasion and other IFFs and meet jurisdictions' sustainable development goals.

Domestic resources through tax transparency: a win for Asia

These 2023 figures are likely to confirm further the great impact of tax transparency in the region. Looking at the 2009-2022 period¹, Asia already represented 16% of the EUR 126 billion of additional revenues identified globally (Asia reported EUR 20.1 billion for this period).

Among the 13 Asian Global Forum members that reported having identified additional revenues (taxes, interests and penalties) from the use of EOI in 2023, some have either identified amounts for the very first time or increased the amount identified amount significantly.

FIGURE 1. Revenues identified as a result of EOI since 2009 and in 2023



OVERVIEW OF THE TAX TRANSPARENCY STANDARDS

The tax transparency standards, EOIR standard and AEOI standard, aim at improving transparency by disclosing legal and beneficial ownership information, as well as the availability of accounting and banking information (see Table 3). These standards also seek to improve the access to that information and its effective exchange with foreign treaty partners. By

promoting the adoption and implementation of legal and administrative frameworks that ensure the availability of critical information, the tax transparency standards also enable law enforcement authorities to track, detect and sanction the abuse of legal entities and arrangements for other IFFs activities.

EXCHANGE OF INFORMATION ON REQUEST: FUELLING DOMESTIC RESOURCE MOBILISATION IN ASIA

All 171 members of the Global Forum, including the 22 Asian members, have committed to the implementation of the EOIR standard. For the past 14 years, Asian members have built up their infrastructures and capacities to ensure EOI between tax authorities to properly investigate taxpayers and enforce their tax laws or the provisions of a related tax agreement. Through EOIR, tax auditors can obtain from abroad a wide scope of information critical for a tax authority's operations.

In 2023, 13 Asian members of the Global Forum reported that the information obtained upon request contributed to the identification of at least EUR 1.5 billion additional revenue. This brings to at least EUR 7.9 billion the impact of using EOIR in the region since 2009.

In 2023, Asian members have been net providers of information: the number of requests they sent dropped by 22% compared to 2022 (and 11% below the average of 1 900 requests sent over 2009-2022), while the number of requests they received increased by 32%. Several factors may explain the decrease of outgoing requests in 2023 (see Figure 2):

- The decrease affects mostly the Asian members that are the more mature in using EOI tools. These members have a better experience in defining relevant cases for EOIR and may target more complex cases with higher DRM potential.
- The use of EOIR is never static and evolves depending on the cases identified using several sources, such as tax investigations, risk assessment or external information (e.g. data leaks, whistle-blowers, etc.).

1. The data for the period 2009-2023 is not yet available. The data for the period 2009-2022 can be found at <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2023.pdf>.

TABLE 3. The tax transparency standards

| Transparency and exchange of information on request | Automatic exchange of financial account information |
|--|--|
| <p>The EOIR standard requires a jurisdiction’s competent authority (CA) – usually, the tax authority – to provide, on request, information to another jurisdiction’s CA that is foreseeably relevant for conducting a tax investigation and to enforce its tax laws or the provisions of a tax agreement in force between the two jurisdictions.</p> <p>The EOIR standard is built around three pillars of availability, access and exchange, which form the basis of its Terms of Reference (ToR)^(a):</p> <p>A. Availability of information: jurisdictions should ensure the availability of</p> <ul style="list-style-type: none"> (i) legal and beneficial ownership information of all relevant legal entities and arrangements, (ii) accounting records and underlying documents, and (iii) banking information (including information on legal and beneficial owners of accounts). <p>B. Access to information: jurisdictions should have the authority and powers to obtain relevant information for tax purposes, including legal and beneficial ownership, accounting and banking information.</p> <p>C. Exchange of information: jurisdictions should have international legal basis and mechanisms, and an organisational framework that provides for exchange of information in a timely manner.</p> <p>All members of the Global Forum are committed to the implementation of the EOIR standard, and the level of compliance with this standard, both in terms of the legal and regulatory framework and the implementation in practice, is assessed under the Global Forum’s peer review process to ensure a level playing field.</p> | <p>The AEOI standard requires financial institutions to apply due diligence rules and periodically collect and report information regarding financial accounts of tax residents of other jurisdictions to their local CAs. Subsequently, the CAs automatically exchange this information with the CAs of other jurisdictions (i.e. the jurisdiction of tax residence of the account holder). The CRS contains details as to the due diligence process that should be applied by financial institutions to determine what accounts are reportable and the items of information that should be exchanged.</p> <p>All members of the Global Forum are committed to the implementation of the AEOI standard, whilst not all jurisdictions are expected to implement it within a specific deadline, due to time needed for some of them to develop their capabilities. Currently, a total of 126 jurisdictions are committed to exchanging financial account information automatically by 2027^(b).</p> <p>Jurisdictions implementing the AEOI standard undergo a peer review process by the Global Forum. The peer reviews are carried out against the three Core Requirements (CR) of the AEOI ToR^(c):</p> <p>CR 1: jurisdictions should ensure that all reporting financial institutions apply due diligence procedures which are in accordance with the CRS to review the financial accounts they maintain and collect and report the information required by the CRS.</p> <p>CR 2: jurisdictions should exchange information with all interested appropriate partners^(d) in accordance with the AEOI standard, in a timely manner, ensuring it is sorted, prepared, validated and transmitted in accordance with the AEOI standard.</p> <p>CR 3: jurisdictions should keep the information exchanged confidential and properly safeguarded and use it in accordance with the exchange agreement under which it was exchanged.</p> |

- a. OECD (2023), *Handbook for Peer Reviews on Transparency and Exchange of Information on Request: Second Round*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD, Paris, <https://www.oecd.org/tax/transparency/documents/handbook-for-peer-reviews-on-transparency-and-exchange-of-information-on-request.pdf>.
- b. This includes jurisdictions that committed to implement the CRS by a specific date in 2024. The status of AEOI commitments is available at <https://www.oecd.org/tax/transparency/AEOI-commitments.pdf>.
- c. OECD (2018), *The Framework for the full AEOL reviews: the terms of reference*, available at <https://www.oecd.org/tax/transparency/documents/terms-of-reference-for-aeoi-reviews.htm>.
- d. Interested appropriate partners are those interested in receiving information and that meet the required standards in relation to confidentiality and data safeguards.

- Other factors may affect the level of use of EOIR in a country such as organisational reforms in the tax authority, rotation of personnel, key priorities of the tax audit programme, etc.

At the same time, some less mature Asian members, which have benefitted from the Train the Trainer programme in 2022, have continued to increase their use of EOIR (see Figure 3).

The use of EOIR remains quite uneven in the region. Over the period 2009-2023, 91% of the total requests sent originating from five Asian members (see Figure 4). A focus on the year 2023 shows some improvements with 95% of the outbound requests made by seven Asian members. While the data for 2023 reflects some progress for some newer members, some of which have increased the number of requests sent by two folds over the past two years, there are still many Asian members which are not sufficiently using EOIR to support their tax investigations and audits.

Domestic resources through tax transparency: a win for Asia

While there is a logical correlation between the use of EOIR to request information needed for ongoing tax audits and investigations and the impact of the information obtained on DRM, this link is less

true between the number of requests made and the additional revenue identified. Indeed, the identification of relevant cases and the quality of the requests sent are essential to maximise the potential of EOIR.

FIGURE 2. **Number of requests for information sent and received by Asian members of the Global Forum, 2009-2023**

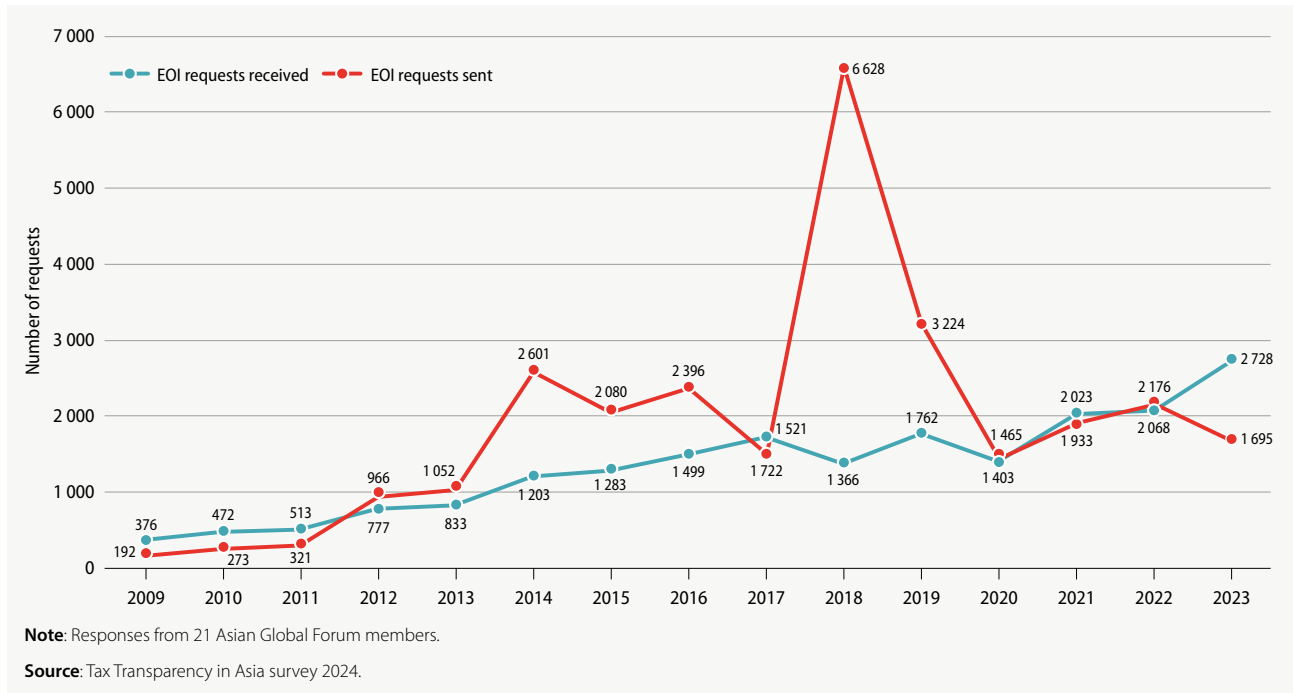


FIGURE 3. **Total number of requests for information sent, by category of Asian members of the Global Forum, 2009-2023**

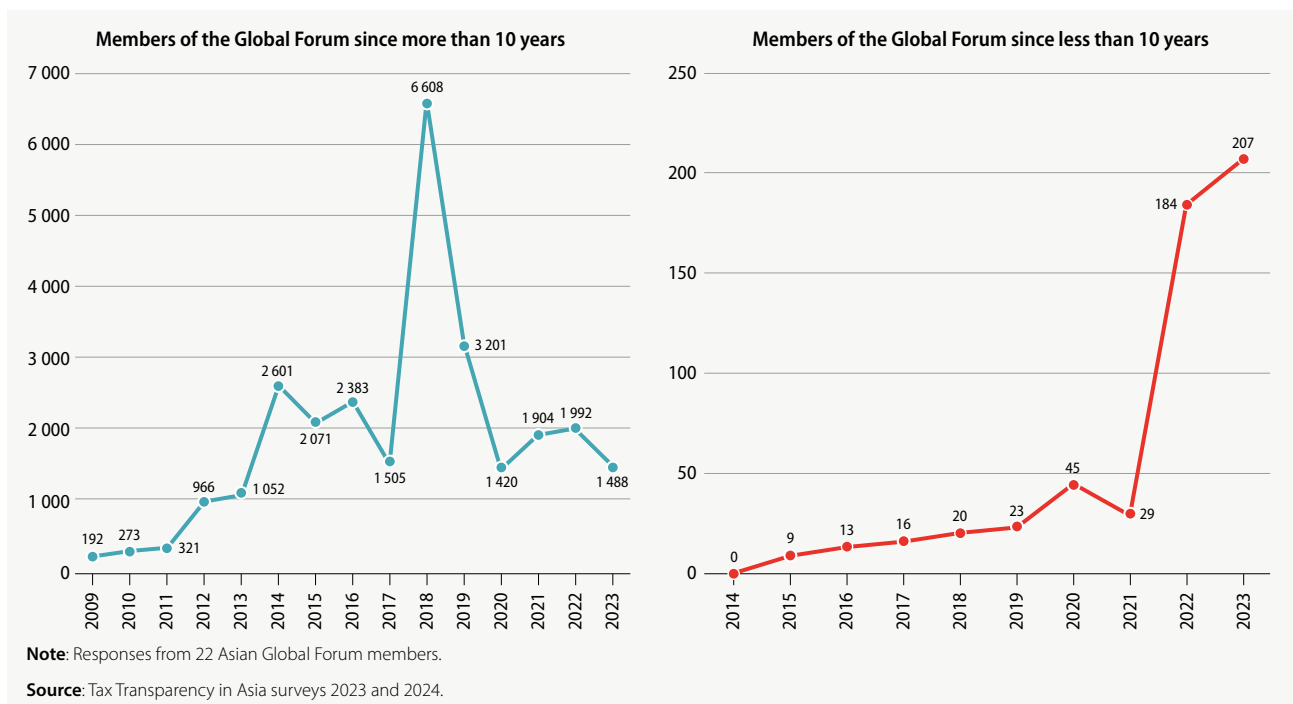
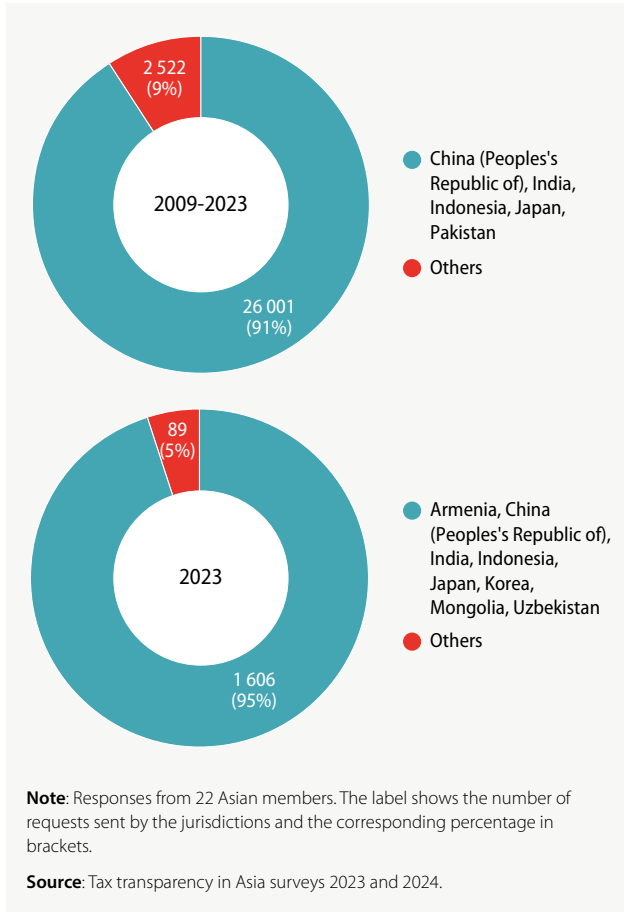


FIGURE 4. **Distribution of EOI requests sent by Asian members 2009-2023 (in %)**



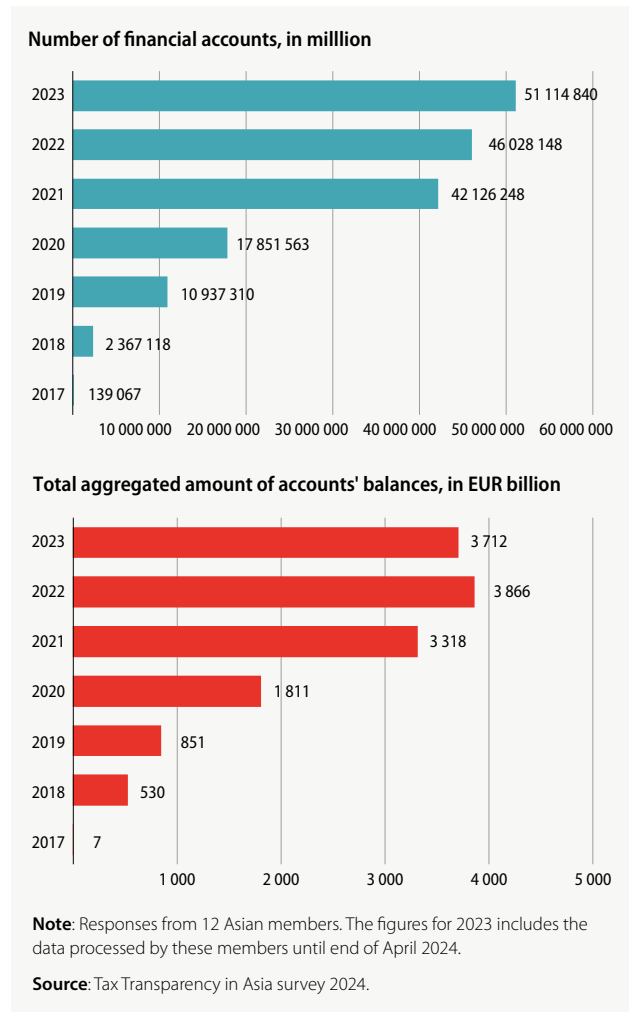
AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION: STIMULUS FOR MOBILISATION OF DOMESTIC RESOURCES

The use of CRS data brought at least EUR 175 million of additional revenue in 2023, and overall EUR 13.9 billion since 2015. This amount should continue to increase in the future for several reasons.

First, Asian members participating in AEOI are receiving consequent information on financial assets held abroad by their tax residents. Such information is a powerful tool for tax authorities to detect undeclared financial assets or taxable income of their tax residents and enforce their domestic tax laws. In 2023, they reported having received information on more than 51 million financial accounts covering assets of a total value of EUR 3.7 trillion (see Figure 6). They received 27% more information than they sent.

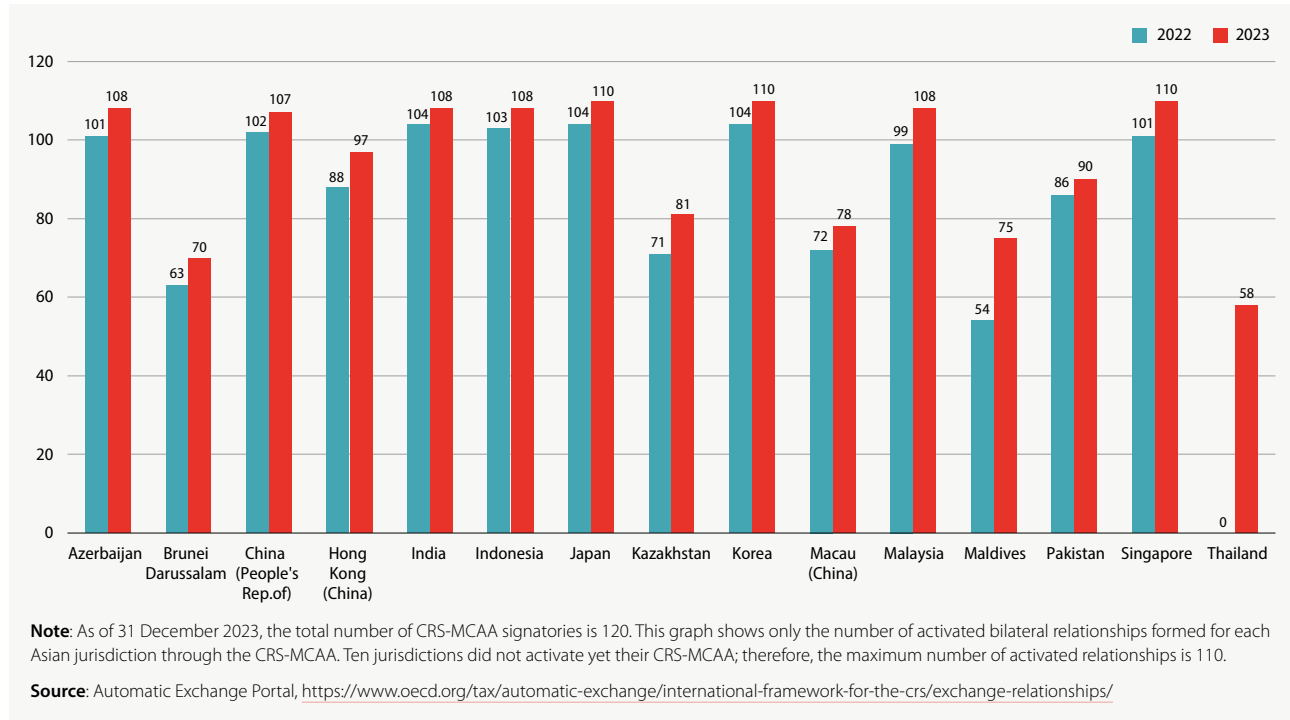
In addition, the growing participation of Asian jurisdictions in AEOI should increase the number and value of the financial account information exchanged. Moreover, the number of bilateral CRS relationships activated by Asian members has also grown by 265 in 2023 compared to 2022. This increase is explained by the activation of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS-MCAA) between AEOI participating jurisdictions (i.e. they have added new AEOI partners or been added as such by other jurisdictions around the world, including Thailand) (see Figure 5). This contributes to expand the sources of CRS data, closing any loopholes that taxpayers may use to circumvent the reporting.

FIGURE 5. **Number of financial accounts for which information was received and value of assets covered (as reported by Asian members)**



Domestic resources through tax transparency: a win for Asia

FIGURE 6. **Number of activated CRS-MCAA exchange relationships by Asian Members**



If the global number of financial accounts sent to Asian jurisdictions follows the trend it had in 2022 with 37% of the total financial account information sent to Asian members², it is very likely that Asia as a region will continue to have a large share of the total financial accounts globally.

Matching the CRS data received with their domestic taxpayer databases is a crucial step of the process implemented by jurisdictions to effectively use the CRS data. Since 2019, the average rate of automatic matching (i.e. the matching of CRS data received by their partners using an IT tool identifying taxpayers automatically with TIN, name or date of birth) has improved to reach 60% in 2023 (see Figure 7). Two factors are contributing to this positive trend. First, the quality of the data sent is improving with the collection of TINs, in particular for new accounts, and the implementation of compliance activities to ensure that financial institutions abide to their due diligence and reporting obligations. Second, jurisdictions are also improving their matching techniques over time. However, the level of matching rate still varies significantly between Asian

members participating to AEOI, oscillating between 36% and 94%. Building capacities and sharing experience, good practices and tools through the Working Group on Effective Use of CRS Data would help members with the lower matching rate to improve their matching methods and process.

Asian members are year after year improving the way they are using the CRS data received. The main ways of using CRS data are in tax activities such as risk assessment, tax audits, tax collection, pre-filing of tax returns and taxpayer notifications (see Figure 8).

Finally, with the implementation of the AEOI standard, Asian members participating to AEOI are using EOIR to make follow-up requests for information in the context of the domestic investigations launched after the analysis of CRS data. Since 2017, eight members reported having made such follow-up requests for information to their AEOI partners on over 1 000 taxpayers. This shows that exploiting the synergies between EOIR and CRS data to detect and tackle tax evasion is essential.

2.. The numbers of financial account information exchanged globally in 2023 are not yet published and only the numbers of financial accounts information exchanged in 2022 are available and can be found at <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2023.pdf>.

FIGURE 7. Average automatic matching rates for AEOI data received, 2019-2023 (in %)

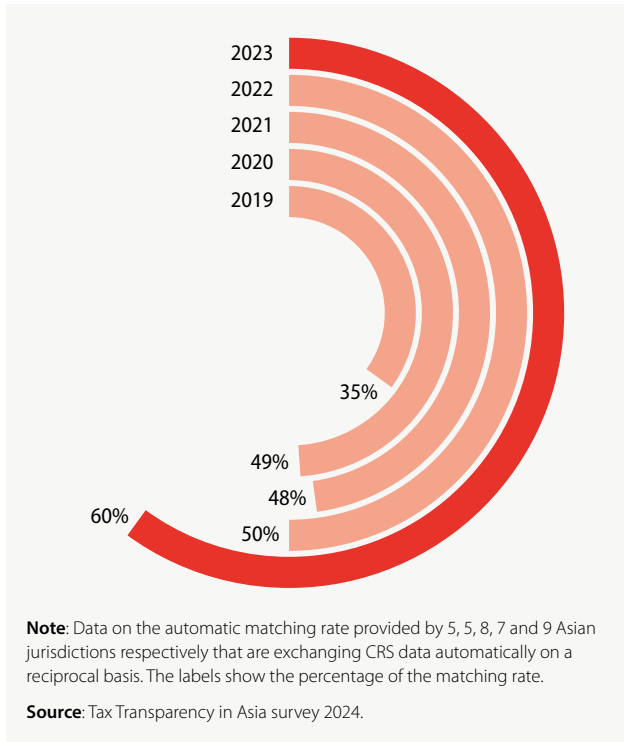
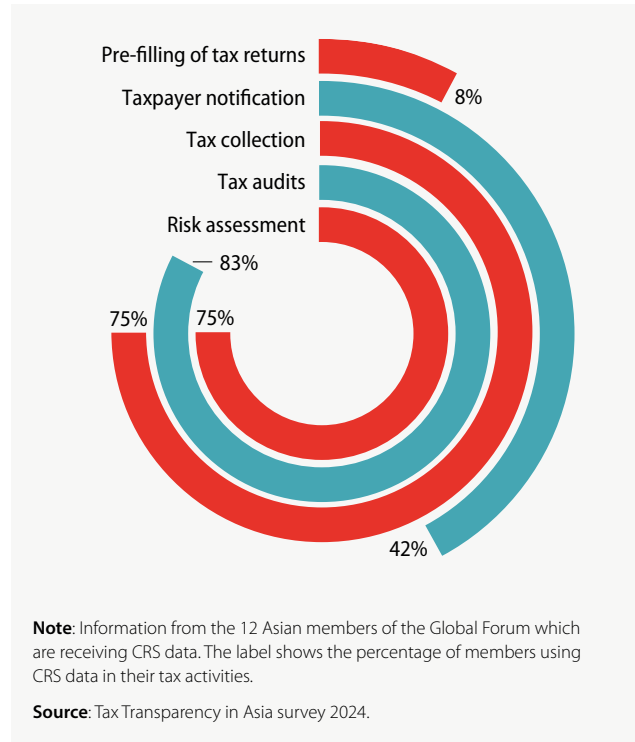


FIGURE 8. Percentage of Asian jurisdictions using CRS data in their tax activities in 2023



5th meeting of the Asia Initiative – 28 November 2023, Lisbon, Portugal.



3

Asia committed to driving tax transparency forward

Over the years 22 Asian jurisdictions joined the Global Forum, marking their engagement to effectively implement the tax transparency standards. In 2023, concrete advancements were made that further strengthen Asia countries commitment to this agenda. Representing 13% of the Global Forum, Asian countries have also taken an active role in the work of the Global Forum's subsidiary bodies and in its capacity-building activities. Asian members of the Global Forum share a common purpose that is fighting tax evasion and other IFFs to ensure a fairer tax system and mobilise domestic resources, and a strong adherence to the Global Forum's values and principles (see Box 2).

BOX 2. **Interview with a key figure who participated in the establishment of the Global Forum**

Huey Min Chia-Tern, Chief Executive of the Accounting and Regulatory Authority of Singapore, formerly Deputy Commissioner (International, Investigation and Indirect Taxes) of the Inland Revenue Authority and former Chair of the Global Forum Peer Review Group.

How would you describe the evolution of the Global Forum?

The progress and growth of the Global Forum is nothing short of extraordinary. The Global Forum had originally begun with a three-year mandate from 2009, but its *raison d'être* has since been affirmed many times over, with several extensions of its mandate. When Singapore had the distinction of playing host to the second Global Forum Plenary meeting in September 2010, the Global Forum comprised 95 member jurisdictions. Today, the Global Forum has grown to 171 member-jurisdictions.

For a body whose decision-making is on the basis of consensus (minus one), the inclusiveness of the forum is unparalleled in terms of size and impact. The Global Forum is designed to allow its members, whether big or small, developed or developing, to participate on an equal footing. It is also noteworthy that a key plank of the Global Forum mandate has always included enhancing the capacities of developing countries so that they can benefit from its work.

The growth trajectory of the Global Forum and its continued relevance bear a strong testimony to the commitment and cohesiveness of the international community to tax transparency.

What has led to the active participation of Singapore in the work on tax transparency?

The Global Forum represents the first truly global concerted effort to address cross-border tax infractions. This is undertaken through holding members and relevant jurisdictions to a robust and consistent set of internationally agreed standards and practices in the exchanges of tax information.

As a responsible and trusted global citizen, we have a role to play and to help advance the mandate. Since the beginning of the Global Forum in 2009, Singapore has actively served on its Steering Group as well subsidiary bodies in peer review exercises in various capacities.



We work to ensure that the internationally agreed standards and peer reviews continue to be articulated and implemented globally in a clear, consistent and objective fashion, ensuring a global level playing field.

Could you share with us your views on the Asia Initiative? Would you recommend non-members joining it?

The Asia Initiative plays an important role in supporting the effective use of tax information exchange, as well as to develop the capability of tax administrations in the region.

I would certainly encourage non-members to join the Asia Initiative, as the implementation of the internationally agreed standards on transparency and exchange of information for tax purposes will help Asian countries mobilise domestic resources and promote sustainable growth in our economic recovery.

By accessing tax information held overseas that is otherwise not available to them for domestic tax administration, jurisdictions can take actions against errant taxpayers seeking to exploit the asymmetry of tax information. Enhancing the effectiveness of tax administrations to deal with such errant taxpayers will help create a larger deterrence effect and contribute to improved domestic tax compliance.

Taking the example of cross-border GST/VAT fraud perpetrated by criminal syndicates, they take advantage of the inability of tax administrations to access information held overseas, either when tax information exchange arrangements are absent or when they do not provide for exchanges in GST/VAT. Information exchanges between jurisdictions will go a long way to disrupt such regional criminal activities and help tax administrations combat serious tax crimes, and support domestic resource mobilisation efforts.

Asia committed to driving tax transparency forward

NEW ENGAGEMENTS TO ADVANCE TAX TRANSPARENCY IN ASIA

In 2023, new concrete steps in implementing the tax transparency standards have been attained by Asian members of the Global Forum.

Continued expansion of the exchange of information networks of Asian members of the Global Forum

The MAAC is the most powerful international agreement for cross-border administrative cooperation between tax authorities. This multilateral agreement to which 147 jurisdictions participate allows for all forms of EOI as well as other advanced forms of mutual cooperation, such as cross-border assistance in tax recovery.

Early 2023, Viet Nam signed the MAAC and ratified it in less than six months after, ensuring that the MAAC will enter into force on 1 December 2023. Starting from 1 January 2024, the EOI network of Viet Nam will cover over 140 other jurisdictions around the world, including 6 Asian members of the Global Forum with which it did not have any EOI relationships. Doing so, Viet Nam joined 18 other Asian members of the Global Forum participating in the MAAC, strengthening its EOI network in the region and globally (see Box 7).

A growing uptake of automatic exchange of financial account information in the region

The implementation of AEOI in Asia is growing. In 2023, Armenia and Mongolia committed to start their first automatic exchanges in 2025 and 2026 respectively. This brings the number of Asian jurisdictions committed to implementing AEOI by a specific date to 18 in 2023. In addition, with Thailand having met its objective of starting AEOI in 2023 (see Box 3), 15 out of 18 AEOI committed jurisdictions in the region are now already exchanging CRS data.

"I am delighted that Mongolia committed to implement automatic exchange of information standards beginning in September 2026, which will significantly improve our ability to combat tax evasion and promote transparency in our financial system. This is an important step in providing a level playing field for all taxpayers and showcasing Mongolia as a responsible and trustworthy member of the global financial community."

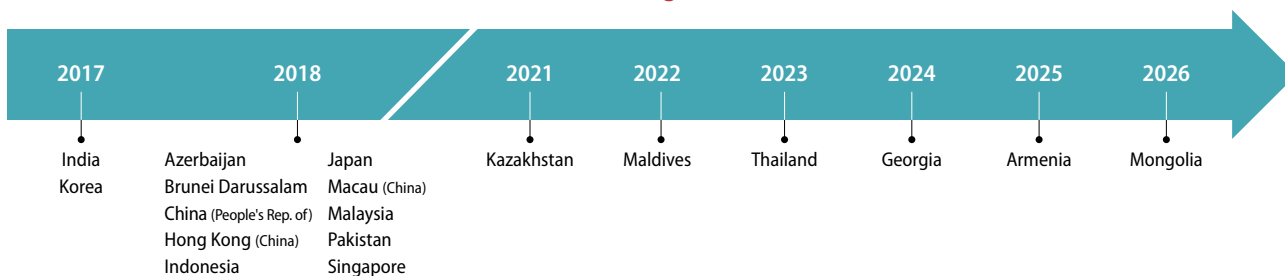


Javkhlan Bold, Minister of Finance, Mongolia

Figure 9 shows a steady evolution of commitment to start AEOI by a specific date. Only a handful of Asian members of the Global Forum have not yet taken the necessary steps for the implementation of AEOI:

- one country which joined the Global Forum less than two years ago
- two countries which are focusing their current efforts on their upcoming EOIR reviews
- one country which is working towards ratification of the necessary international instrument to enable AEOI before committing to a specific date.

FIGURE 9. **Year of commitment for the first automatic exchange of financial account information**



Source: Global Forum, Automatic Exchange of Information (AEOI): Status of Commitments <https://www.oecd.org/tax/transparency/AEOI-commitments.pdf>.

BOX 3. THAILAND – The successful implementation of automatic exchange of financial account information



Motivations for Thailand's commitment to implement AEOI

Thailand's commitment to implementing the AEOI standard is deeply rooted in a global resolve to combat tax evasion and enhance financial transparency. During the launch mission of its induction programme in September 2017, the Government of Thailand expressed strong dedication to meeting international standards on transparency and EOI. Senior officials and stakeholders conveyed a commitment to joining the international community in the collective effort against tax evasion. In 2020, Thailand formally pledged to implement the AEOI standard, articulating a proactive stance against tax evasion. The pledge included a clear timeline for the first exchanges under the AEOI standard, set for the year 2023.

Leadership's role in Thailand's commitment

Politically, the commitment to AEOI has been consistently supported by our government officials; our tax authorities and financial regulators have played instrumental roles in adopting this commitment into practice. The journey began with the EOI Bill in 2021, enabling us to ratify the MAAC. Despite surrounding political changes and national elections, our commitment remained. By March 2023, the EOI Decree came into effect, reinforcing our alignment with international standards and enhancing access to financial and third-party information together with the legal basis for CRS.

Key steps in Thailand's AEOI journey

AEOI is a novel mission for the Revenue Department. Incorporating global AEOI standard posed challenges, requiring a transformative journey that necessitated a complete development in our legislation operation and technical system. At the initial stage, our officials and tax auditors lacked knowledge of the CRS standard, the workflow, infrastructure needed and the purpose of such implementation. Hence challenges for us mainly are the resources and expertise. We face challenges due to a shortage of trained and experienced professionals in the field. Therefore, adequate support from international organisations, such as the Global Forum, is crucial for the successful implementation of the AEOI standard in Thailand.

The technical assistance sessions and virtual workshop for financial institutions in collaboration with the Global Forum

served as foundational pillars, providing the necessary skills and useful knowledge whereas the capacity-building programme ensured the sharing of best practices and insights for the AEOI adoption in Thailand's context. As a result of all the important efforts, 2023 emerged as a hallmark year for Thailand. We undertook a comprehensive evaluation of confidentiality and data safeguards to ensure that our systems were aligned with international expectations on data security and protection. Later in September, we delivered on our political commitment to AEOI. This year, Thailand proudly commenced its first CRS exchange. This is evidence of our commitment and dedication, made possible through substantial resource allocation, training programmes in early stage for financial institutions to get on board, and the establishment of internal reforms to respect our international commitments.

Lessons learned to date that Thailand could share with other countries

The lessons learned from Thailand's successful AEOI implementation can be listed into three main perspectives. Firstly, recognising the importance of expertise, Thailand strategically invested in early capacity-building and training programmes for officials and tax auditors. Collaborating with international organisations, particularly the Global Forum, became substantial to address resource and expertise gaps, especially considering the standards as an entirely new frontier. Secondly, understanding the complexity of the AEOI standard requires continuous learning and substantial resource allocation in the EOI Unit, encompassing both human resources, budget and technical aspects focused on system implementation. Also, successful implementation significantly relied on financial institutions' capacity to understand the scope of the AEOI standard and the due diligence rule. Accordingly, engagement to stakeholders early in the implementation process is key for effectiveness and a smooth adaptation nationwide. Lastly, treating AEOI implementation as a tax reform calls for a comprehensive overhaul in all perspectives, including workflows and infrastructure. The inclusion of all relevant stakeholders inside and outside the department at each stage of adaptation emphasises the significance of comprehensive planning, intergovernmental collaboration,

Continued on page 30...

Asia committed to driving tax transparency forward

... Box 3 continued.

and adaptability. These collective efforts converge towards the effective implementation of AEOI, ensuring a complete integration of new standards and practices.

Expectations of Thailand with the use of the data received

On the domestic front, we anticipate leveraging the implementation of EOI as a powerful tool to combat

offshore tax evasion, ultimately contributing to greater transparency and a fairer tax system. The integration of AEOI data with tax returns aims to enhance effectiveness of our tax audit and investigation procedures, allowing for a more accurate depiction of taxpayers' financial profiles. This synergy can potentially open new opportunities for targeted risk analysis and focused audits leading to domestic resource mobilisation.

Source: Revenue Department, Thailand

Early commitment to the Crypto-Asset Reporting Framework and the amended Common Reporting Standard

To ensure that the CRS remains an effective tool in preventing tax evasion, the CRS was reviewed in light of the experience gained by implementing jurisdictions and in consultation with them¹. As a response to the consultation launched in September 2020, two main streams emerged: (i) strengthened due diligence and new reporting requirements and (ii) the multilateral response to the risks posed by the growing digitalisation of financial markets.

On 8 June 2023, the Crypto-Asset Reporting Framework (CARF) and amendments to the Common Reporting Standard, along with associated Commentaries and exchange of information frameworks² were adopted and the G20 later called on the Global Forum to ensure a swift implementation of the CARF and amendments to the CRS.³ The CARF provides for the automatic exchange of information on transactions in crypto-assets in a standardised manner with the jurisdictions of residence of taxpayers on an annual basis. In order to implement CARF, jurisdictions therefore need to ensure that the following three components are met:

- a domestic legal framework that requires Reporting Crypto-Asset Service Providers to collect and report the information

- a Multilateral Competent Authority Agreement on Automatic Exchange of Information pursuant to the CARF and related Commentary (or bilateral agreements or arrangements)
- XML schema (defined structure data) sent electronically to be used by Competent Authorities for purposes of exchanging the CARF data, as well as by reporting crypto-asset service providers to report CARF data to tax authorities (as permitted by domestic law).

The amended CRS is the result of a series of amendment brought to the CRS to (i) expand the scope of the CRS and bring in certain electronic money products and central bank digital currencies which were not previously covered and (ii) reflect the lessons learnt from the experience gained since 2017 and strengthen the due diligence and reporting requirements on one hand and relax requirements for genuine non-profit organisations. Discussions are ongoing on what would be the most appropriate timeframe for implementation.

On 10 November 2023, a Joint Statement on the Implementation of the CARF⁴ was signed by 48 Global Forum members which were joined afterward by another 10 members. At the end of 2023, 6 out of the 58 signatories of the Joint Statement are from

1. OECD (2020), *Report on the implementation of the recommendation of the Council on the Standard for Automatic Exchange of Financial Account Information in Tax Matters*, available at [https://one.oecd.org/document/C\(2020\)47/en/pdf](https://one.oecd.org/document/C(2020)47/en/pdf).

2. OECD (2023), *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard*, OECD Publishing, Paris, <https://doi.org/10.1787/896d79d1-en>.

3. G20 (2023), *Third G20 Finance Ministers and Central Bank Governors Meeting, G20 Outcome Document and Chair's Summary*, available at https://www.mof.go.jp/policy/international_policy/convention/g20/g20_20230718_1.pdf

4. OECD (2023), *Joint Statement on the Implementation of the Crypto Asset Reporting Framework*, available at <https://www.oecd.org/tax/transparency/documents/CARF-signatories-joint-statement.pdf>.



Asia.⁵ They are committed to work towards swiftly implementing the CARF along with the amendments brought to the CRS in time for exchanges to commence by 2027 or, if needed, by 2028.

A REGION CARRYING OUT ITS INTERNATIONAL RESPONSIBILITIES TO ADVANCE TAX TRANSPARENCY

Asian members of the Global Forum continue to express a deep attachment to tax transparency which is rated once again as a high priority in 2023. This commitment translates into their active involvement in the work of the Global Forum. As an example of their great interest in the new development in tax transparency, several Asian jurisdictions joined two newly established subsidiary group of the Global Forum: seven Asian jurisdictions joined the CARF Group, which is entrusted with discussing technical issues relevant to supporting the implementation of the CARF and two joined the Group on risk which ensures that risks to the effective implementation of the tax transparency and EOI standards that were identified and assessed at the end of 2020 are maintained up to date and that new ones are registered.

Asian members of the Global Forum bring their expertise and views to shape the decisions of the different subsidiary bodies of the Global Forum, contribute

effectively to the peer review process by providing input and assessors, and provide experts to support the Global Forum’s capacity-building activities (see Box 2).

Table 4 details the investment of Asian jurisdictions in the various workstream of the Global Forum in 2023.

“Aware of the role we have to play in the fight against tax evasion, and willing to be at the fore-front rather than at the back end, Armenia also joined the CARF Group in September 2023



to underscore its keen interest in adopting CARF standards and is actively pursuing reforms for taxing cryptocurrency transactions. Armenia is fully prepared and eager to participate in joining this newly formed group and in conjunction with the Common Reporting Standard, Armenia is increasingly combating tax avoidance and evasion.”

Rustam Badasyan, Chairman of the State Revenue Committee, Republic of Armenia.

5. Armenia, Azerbaijan, Indonesia, Japan, Korea, and Singapore.

Asia committed to driving tax transparency forward

TABLE 4. Asian participation in Global Forum's bodies and capacity-building activities in 2023

| | | |
|---|---|---|
| Global Forum Plenary | It constitutes the decision-making body of the Global Forum. The Plenary may establish subsidiary bodies as deemed appropriate | In 2023, 18 of the 22 Asian members attended the Global Forum Plenary (11% of the total participants). Three Asian countries attended as observers. |
| Global Forum Steering Group | The Steering Group prepares and guides the future work of the Global Forum (20 members). | China (People's Republic of), India, Indonesia, Japan (Vice-Chair), Singapore (25% of the members). |
| Peer Review Group (PRG) | The PRG reviews the EOIR standard (30 members). | China (People's Republic of), Georgia, India (Vice-Chair), Indonesia, Korea, Pakistan, (20% of the members). |
| Automatic Exchange of Information Peer Review Group (APRG / APRG+) | The APRG reviews the AEOI standard (30 members). The APRG+ is an extended formation of the APRG which reviews the confidentiality and data safeguards AEOI requirements (33 members). | Georgia (APRG+ member), India (Chair), Japan, Korea, Malaysia, Singapore (17% of the APRG members and 18% of the APRG+ members). |
| Crypto-Asset Reporting Framework (CARF) Group | The CARF Group is responsible for the implementation of the CARF (45 members and the European Union). It is a voluntary group which can be joined at any time by any member. | Armenia, Hong Kong (China), India, Japan, Korea, Singapore (13% of the members). |
| Assessors for EOIR peer reviews | The EOIR assessors are responsible for conducting the peer review of jurisdictions against the EOIR standard. | Armenia, Azerbaijan, Georgia, India, Japan and Singapore (11% of the assessors) |
| Assessors for AEOI peer reviews | The AEOI assessors are responsible for conducting the peer review of jurisdictions against the AEOI standard. | India, Indonesia, Japan, Malaysia, Singapore (11% of the assessors) |
| Assessors on confidentiality | The assessors on confidentiality and data safeguards are responsible for conducting the assessments on confidentiality and data safeguards. | India, Singapore (8% of the assessors) |
| Experts in capacity-building activities | Experts from Global Forum members contribute to capacity-building activities carried out, providing expertise and sharing experience. | Georgia, Hong Kong (China), India, Indonesia, Japan, Malaysia, Maldives, Singapore. |
| The Group on Risk | The Group on Risk was established in 2023 to carry forward the work initiated by the Task Force on Risk, undertaken in 2021 and 2022 (15 members). | Armenia, India (13% of the members) |

Source: Global Forum Secretariat.



5th meeting of the Asia Initiative – 28 November 2023, Lisbon, Portugal.



4

Progress in line with Asian members' commitments

The necessary components to an effective implementation of the tax transparency standards are mostly in place for Asian members of the Global Forum. Generally, they have been developing and solidifying their infrastructures over time to benefit from the tax transparency standards and improve EOI implementation. At the same time, Asian members have also in general satisfactorily implemented the tax transparency standards.

SOLID INFRASTRUCTURES FOR AN EFFECTIVE USE OF EXCHANGE OF INFORMATION

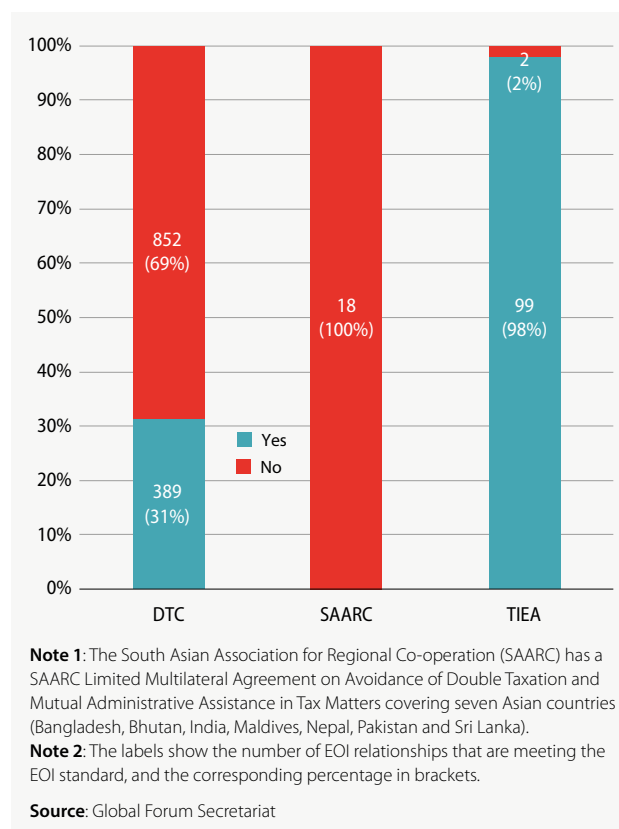
In order to effectively carry out their EOI functions, Asian members must have the necessary legal instruments, resources, infrastructures, and tools to facilitate the operationalisation of EOI. These include a sufficiently broad network, adequately staffed EOI unit, officials with appropriate knowledge on the EOI standards and their implementation, documented processes to ensure consistent implementation across the EOI officials, coordinated collaboration between all relevant stakeholders through signed Memorandum of Understanding Agreements and tracking and impact assessment tools.

Boosting exchange of information through a wide network

The powers of a tax authority to access information are limited to the borders of its territory. This limits the ability of tax authorities to obtain the critical information they need to carry out effective tax investigations or audits in a cross-border context. Indeed, where transactions are realised with entities in foreign jurisdictions, revenues are generated in activities carried out abroad or assets are located abroad, a tax authority may not be able to directly access relevant information to have a full picture of the case at stake. Tax co-operation and EOI are fundamental to bridge this information gap. However, EOI requires the existence of an international legal basis, i.e. an EOI agreement between the jurisdictions. The wider the network is, the greater the coverage of jurisdictions that are in a position to provide the information necessary to verify taxpayers are reporting their assets and transactions as required and to promote compliance.

As of 2022, the total number of bilateral relationships created by double taxation conventions (DTCs), tax information exchange agreements (TIEAs) or regional instruments and in force was 1 384. In 2023, this number has increased to 1 395, with 11 new EOI bilateral relationships entered into force. Among those 11 new relationships, 4 are not complemented by the MAAC. From the analysis conducted, all four are in line with the EOI standard while among the seven complemented by the MAAC, two do not meet the standard. While Asian members of the Global Forum ensure that their

FIGURE 10. Share of Asian members' bilateral EOI relationships meeting the standard (by type)



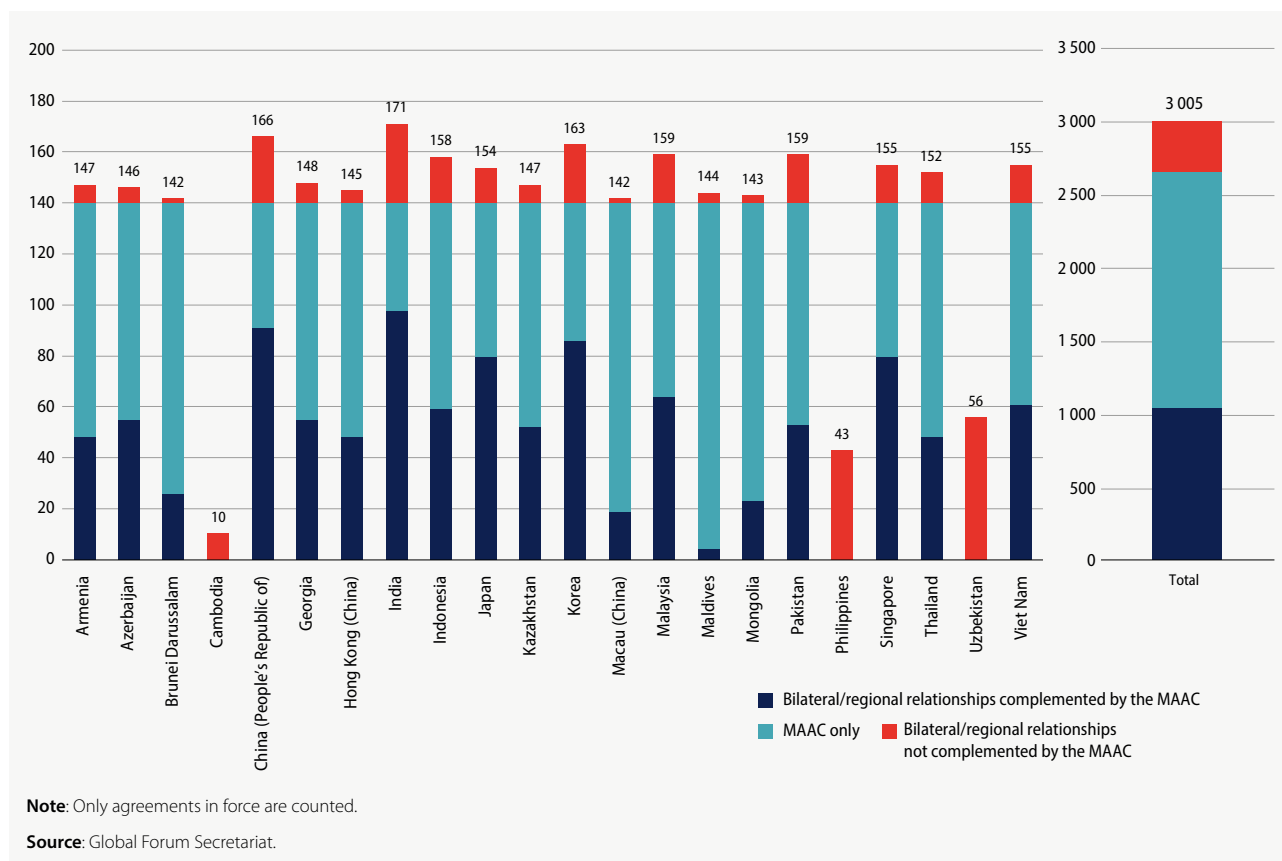
new bilateral agreement provide for EOI in line with the standard, Figure 10 shows that the legacy of bilateral agreements not meeting the standard remain important with still 872 bilateral EOI relationships concerned.

Through their participation in the MAAC, the provisions of which are in line with the standard, Asian members of the Global Forum continue to extend their EOI network. In 2023, the MAAC entered into force for four countries (Benin, Burkina Faso, Papua New Guinea and Viet Nam) bringing to 2 660 the Asian members' EOI bilateral relationships under the MAAC.

Overall, Asian members of the Global Forum have 3 005 bilateral EOI relationships, among which 2 740 that are in line with the standard¹, 97% of which rest only on the MAAC (see Figure 11).

1. Asian members have concluded 265 bilateral and regional agreements that are not in line with the standard and are not complemented by the MAAC.

FIGURE 11. Exchange of information relationships in force



Support and awareness raising activities continue to be provided to the Asian members of the Global Forum that have not yet undertaken the signature of the MAAC or which face challenges in ratifying it. While the political engagement formalised through the signature of the MAAC is key, only the ratification can trigger the real advantages of the instrument.

Operationalising exchange of information with a resourced unit

Establishing a functional EOI infrastructure within tax authorities to ensure timely, high-quality, and efficient EOI processes is critical to achieve a full implementation in practice of the EOI standards. It involves an adequately resourced EOI unit, with sufficient trained personnel, secure offices, appropriate tools and established procedures.

In general, tax authorities of Asian Global Forum members have built up strong EOI units, which work is facilitated by trained staff, procedural manuals, monitoring tools to guarantee a timely response and

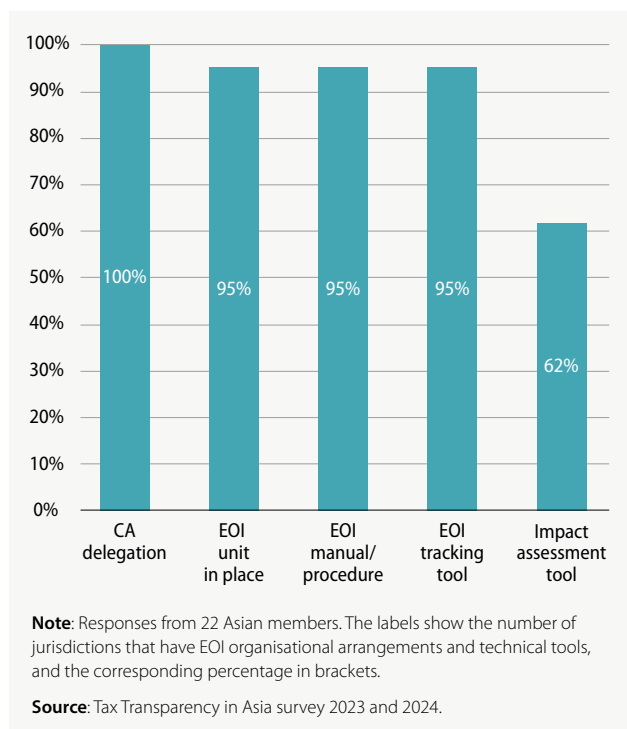
trigger the appropriate procedures should there be any delays in gathering the information (see Figure 12). Some key findings in 2023 are:

- The number of staff fully dedicated to EOI work in Asian Global Forum members remains stable with 218 officials.
- The most recent joiners of the Global Forum have established a stand-alone EOI function within the tax administration which is in all cases supported by at least one full time employee.
- The adoption of a monitoring tool to track the EOI activity increased by four countries in 2023 compared to the previous year, reaching a level of implementation of 95%.

One area where improvement remains necessary is the implementation of tools and procedures to assess the impact of the EOI activities, in particular on domestic resource mobilisation. Being able to assess

Progress in the effective implementation of the tax transparency standards

FIGURE 12. **Exchange of information infrastructures in Asia**



the effectiveness of the exploitation of the EOI tools and their contribution to the fulfilment of the tax compliance activities should be a key consideration for tax authorities. This is a critical decision factor for the allocation of resources and for improving EOI-related policies and procedures. This is also an important element of accountability, in particular to communicate to the key stakeholders (i.e. the Parliament) and the public in general, the impact of EOI in fighting tax evasion and other IFFs. While in 2023 a significant step was achieved with eight additional countries using an impact assessment tool for EOI, the level of implementation remains low in Asian Global Forum members (62%). Technical support and experience-sharing will continue to be provided to implement impact assessment tools, but also to accompany changes in work habits of both auditors and EOI officials.

Local trainings: an investment for the region

The international tax dimension in an audit case is often a challenge for tax auditors, and the EOI tools at their disposal are not always fully exploited. Yet, auditors are the main initiators and users of EOI. Raising the awareness of auditors on the gains to retrieve from the use of EOI in various audit activities has therefore become a priority for

Asian members of the Global Forum which have over the past three years spent resources into trainings. Indeed, the number of training sessions attended or organised locally has gone up (see Table 5). In 2023, over 7 700 officials have been trained, more than 1 700 additional officials compared to 2022. The main triggers of this increase of the number of staff trained on EOI are:

- staff rotation, the frequency of which may be high in some Asian jurisdictions and therefore they necessitate the building of the knowledge among new officials
- the impact of the use of EOI, for instance the jurisdictions sending the most requests being also among the ones reporting the highest number of trained officials
- the impact of the Train the Trainer programme (see Chapter 5) over the past two years which has led to the delivery of local training by the laureates of the programme.

TABLE 5. **Domestic capacity building on exchange of information in Asia**

| Number of events/staffs trained | 2021 | 2022 | 2023 |
|---|-------|-------|-------|
| Number of training events held for tax auditors/EOI staff | 92 | 132 | 222 |
| Number of tax auditors/EOI staff trained | 1 052 | 5 941 | 7 733 |

Note: Response from 21 Asian members of the Global Forum.

Source: Tax transparency in Asia survey 2024.

PROGRESS IN IMPLEMENTING THE STANDARD ON TRANSPARENCY AND EXCHANGE OF INFORMATION ON REQUEST

All Global Forum members are committed to implement the EOIR standard and are peer-reviewed to assess the level of compliance of their legal and regulatory framework and its implementation in practice with this standard.

The first Asian members of the Global Forum were reviewed under the first round of reviews and against the initial EOIR Terms of Reference adopted in 2010. The second round of reviews of the EOIR standard started in 2016 and is based on the 2016 Terms of Reference, which introduced the availability of beneficial ownership

information as a requirement. The availability of this information is key for tax transparency and is assessed under Elements A.1 and A.3 of the 2016 Terms of Reference.

In 2023, Pakistan and Thailand concluded their peer review obtaining a satisfactory rating of Largely Compliant with the EOIR standard (see Box 4). Both countries benefitted from the technical assistance of the Global Forum Secretariat in previous years to support their implementation of the standard. Thailand has been benefiting from a long-term and comprehensive Induction Programme, while Pakistan received targeted assistance on specific issues.

Overall, since the advent of the 2016 Terms of Reference, 14 out of the 22 Asian members of the Global Forum have been fully reviewed by the Global Forum (see Table 6). All but one achieved a satisfactory rating of Largely Compliant or Compliant with the EOIR standard. Kazakhstan, which obtained a rating of Partially Compliant, has been working closely with the Global Forum Secretariat to address the deficiencies identified during its peer review so that it could request as soon as possible, a reassessment to reflect the progress achieved since then. At the end of 2023, eight Asian members of the Global Forum are yet to be reviewed under this new round of evaluation and all have received or are receiving technical assistance to help them prepare.

BOX 4. PAKISTAN - Positive outcome of the EOIR peer review

Pakistan has obtained an overall rating of Largely Compliant at its second round of EOIR peer review. The report, which was adopted by the Global Forum's members in November 2023, shows how Pakistan was able to take advantage of the two-Phases split of its review due to the exceptional Covid-19 pandemic situation at the date of the launch of the review in 2021.

Pakistan indeed underwent first a Phase 1 review which focused on ensuring that the legal framework was adequate for an effective exchange of information and during which Pakistan received some recommendations. The Federal Board of Revenue of Pakistan, the focal agency for the review, took advantage of the one-year lapse between the end of the Phase 1 review and the start of Phase 2 review (i.e. focusing on both the legal framework and the practical implementation of the said legal framework) to make proactive efforts to address those legal recommendations. To that end, the authorities timely disseminated Pakistan's Phase 1 report and the standard's requirements with all stakeholders of the review and held issue-specific meetings with the concerned stakeholders, such as the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Financial Monitoring Unit and the Trust Authorities of Pakistan, with the aim to discuss measures that may be taken up for addressing the recommendations.

The Federal Board of Revenue of Pakistan also led the review process in a coordinated manner by holding in-house meetings of all the stakeholders in preparation

for the Phase 2 review. As a result, Pakistan was able to effectively achieve national coordination and responsiveness. This contributed to a smoother Phase 2 review since it was observed that stakeholders were keen and well prepared to receive the onsite visit.

The combination of early actions to address the legal recommendations while coordinating closely with all the relevant stakeholders contributed to Pakistan demonstrating a good level of practical implementation.

Pakistan appreciates the guidance and technical support provided by the Global Forum Secretariat since it has become member in 2012. The professional expertise and availability of the Secretariat contributed to the successful implementation of the standard and good preparation of the peer review. Pakistan found the overall process to be very beneficial in identifying areas for it to strengthen its ability to exchange information with partners and appreciates the open and co-operative approach taken by the assessment team as well as the willingness of the assessors to share their experiences from their own jurisdictions.

Source: Federal Board of Revenue (FBR), Pakistan.



Federal Board of Revenue
Revenue Division – Government of Pakistan

Progress in the effective implementation of the tax transparency standards

TABLE 6. **Compliance ratings of the peer reviews against the Standard on transparency and exchange of information on request** (as of 31 December 2023)

| Members | Round 1 rating | Round 2 rating |
|------------------------------|----------------------------|---|
| Armenia | Not reviewed- | Launched on Q 3 2021* |
| Azerbaijan | Largely Compliant (2016) | Launched on Q3 2023 |
| Brunei Darussalam | Largely Compliant (2016) | Largely Compliant (2020) |
| Cambodia | Not reviewed- | Launch scheduled on Q4 2024 |
| China (People's Republic of) | Compliant (2013) | Largely Compliant (2020) |
| Georgia | Largely Compliant (2016) | Launched in Q1 2023** |
| Hong Kong (China) | Largely Compliant (2013) | Largely Compliant (2019) |
| India | Compliant (2013) | Largely Compliant (2017) |
| Indonesia | Partially Compliant (2014) | Largely Compliant (2018) |
| Japan | Compliant (2013) | Largely Compliant (2018) |
| Kazakhstan | Not reviewed- | Partially Compliant (2018) |
| Korea | Compliant (2013) | Largely Compliant (2020) |
| Macau (China) | Largely Compliant (2013) | Largely Compliant (2020) |
| Malaysia | Largely Compliant (2014) | Largely Compliant (2019) |
| Maldives | Not reviewed- | Phase 1 only (2022) Launch of Phase 2 scheduled in Q4 2025 |
| Mongolia | Not reviewed- | Launch scheduled in Q2 2024 |
| Pakistan | Largely Compliant (2016) | Largely Compliant (2023) |
| Philippines | Largely Compliant (2013) | Largely Compliant (2018) |
| Singapore | Largely Compliant (2013) | Compliant (2018) |
| Thailand | Not reviewed- | Largely Compliant (2023) |
| Uzbekistan | Not reviewed- | Launch scheduled in Q3 2025 |
| Viet Nam | Not reviewed- | Launch scheduled in Q2 2024 |

Note 1: The four possible ratings allocated after a full peer review are as follows, ranked in increasing level of compliance: Non-Compliant, Partially Compliant, Largely Compliant, Compliant.

Note 2: *The Phase 1 report of Armenia has been adopted in 2024. **The review of Georgia concluded in 2024 with a "Largely Compliant" rating.

Source: <https://www.oecd.org/tax/transparency/documents/schedule-of-reviews.pdf> and <https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>.

Generally, the Asian members of the Global Forum that have been fully reviewed so far have established a legal framework in line with the standard, which has been implemented in practice, ensuring an effective exchange of information on request. However, areas for improvement remain for all of them, whether to ensure that recent legal improvements made are effectively implemented, to improve the monitoring and supervision of certain legal obligations aimed at

ensuring the availability of ownership, accounting and banking information, or to enhance the effectiveness of the EOI operations.

One domain which is less mature in most Global Forum members, including in Asia, is the beneficial ownership framework. Transparency of beneficial ownership is an indispensable mean to promote accountability, integrity, and fairness in both the public and the private sectors. It



is fundamental to prevent the misuse of these entities, the concealment of funds/assets and anonymity, and then to combat tax evasion and other IFFs. Since 2016, the EOIR standard requires the availability of adequate, accurate and up-to-date information on the beneficial owners of relevant legal persons and arrangements, and the holders and beneficial owners of bank accounts, and to ensure that tax authorities are able to obtain this information.

Although progress has been achieved over since 2016 in that respect, yet most of the recommendations issued in the current round of reviews refer to this requirement. In Asia, the results of the peer reviews have been mixed, ranging from Largely Compliant to Partially Compliant ratings on the availability of legal and beneficial ownership information on legal person and arrangements (Element A.1). In summary, the key challenges identified, on which improvements are expected, refer to:

- Legal framework: the main issues identified are inconsistent definitions and methodology of identification of beneficial owners, the fact that not all relevant legal persons and arrangements are covered by the beneficial ownership requirement, and

the lack of guidance to support the identification of the beneficial owners in line with the standard.

- Practical implementation: the main gap identified is lack of effective supervision and enforcement to ensure compliance with the requirements aimed at ensuring the transparency of beneficial ownership information.

Jurisdictions have mainly four options for ensuring the availability of beneficial ownership information: (i) the framework for anti-money laundering and countering the financing of terrorism (AML approach), (ii) beneficial ownership information kept by the entities themselves (entity approach), (iii) a central register of beneficial owners (central register approach), and (iv) beneficial ownership information held by the tax authority (tax authority approach). A multi-pronged approach comprises two or more of these four options. The International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation established by the Financial Action Task Force (FATF) now requires that a multi-pronged approach is followed for the identification of the beneficial owners of legal persons (see Table 7) and recommends such an approach with respect to legal arrangements.²

2. FATF (2012-2023), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, FATF, Paris, France, www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html; FATF (2023), Guidance on Beneficial Ownership for Legal Persons, FATF, Paris, www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-Beneficial-Ownership-Legal-Persons.html; FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris, www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-Beneficial-Ownership-Transparency-Legal-Arrangements.html.

Progress in the effective implementation of the tax transparency standards

While jurisdictions can take the approach that best fits their legal and organisational circumstances to ensure the availability of beneficial ownership information, the result of the EOIR peer reviews, including in Asia, indicate that using several sources of information rather than one for ensuring the availability of this critical information is more effective.³ Indeed, through a multi-pronged approach, the different sources of beneficial ownership information supplement each other, generally leading to better quality information. However, whatever the approach followed, the effectiveness of the monitoring and supervisory actions carried out to ensure compliance with beneficial ownership obligations remains a critical component.

The peer reviews of the 14 Asian members of the Global Forum show that (see Figure 13):

- 11 members followed a multipronged approach, whilst the other 3 relied exclusively on their AML framework.
- 10 members obtained a non-satisfactory rating (Partially Compliant) on this specific requirement irrespective of the approach(es) followed due to deficiencies in the legal framework and/or the monitoring and supervision, while 4 other members using a multi-pronged reached a “Largely Compliant” rating, as only minor gaps were identified.

FIGURE 13. **Element A.1 – Number of approaches used and rating obtained (as of 31 December 2023)**

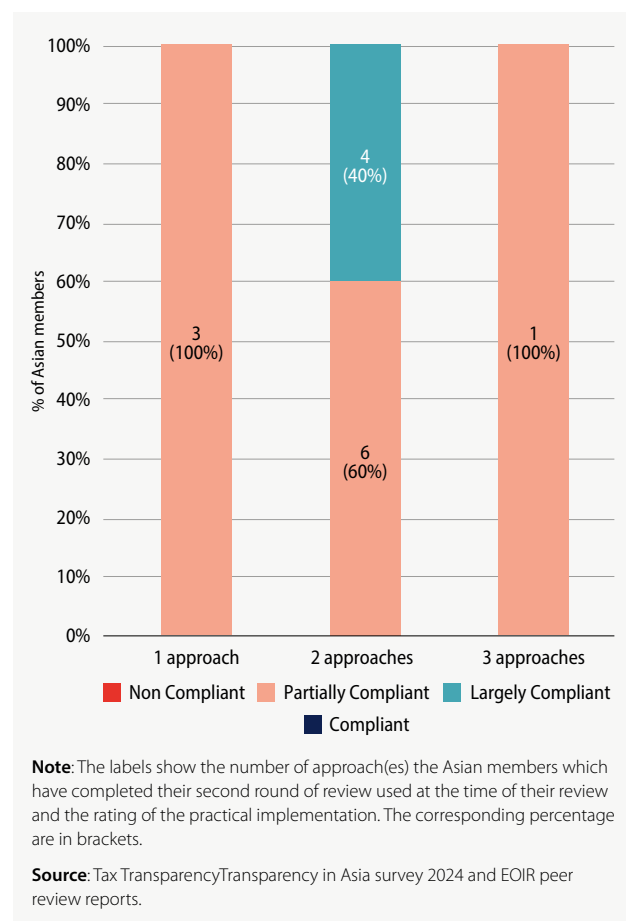


TABLE 7. **Multi-pronged approach to beneficial ownership for legal persons**

| Mandatory entity approach | Mandatory register approach or alternative mechanism | Mandatory additional supplementary measures |
|--|--|--|
| <p>Obligation for legal persons to hold beneficial ownership information.</p> <p>It cannot be a standalone mechanism and must be accompanied by a register approach or an alternative mechanism.</p> | <p>One or more register(s) held by one or more public authority(ies) or body(ies), or a private body entrusted by a public authority.</p> <p>In lieu of a register, an alternative mechanism can be used for collecting beneficial ownership information, as long as this gives authorities efficient access to the information.</p> | <p>Obligation to use any additional supplementary measures that are necessary to ensure that the beneficial ownership information of companies can be determined.</p> <p>Examples of information held by regulators or stock exchanges or obtained by Financial Institutions and/or Designated Non-Financial Businesses and Professions under their customer due diligence requirements.</p> |

Note: The Interpretative Note to Recommendation 24 of the FATF Recommendation

Source: OECD and IDB (2024), *Building Effective Beneficial Ownership Frameworks: A joint Global Forum and IDB Toolkit – Second edition, op. cit.*

3. OECD and IDB (2024), *Building Effective Beneficial Ownership Frameworks: A joint Global Forum and IDB Toolkit – Second edition*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD, Paris, <https://www.oecd.org/tax/transparency/documents/effectivebeneficial-ownership-frameworktoolkit-secondedition-2024.pdf>.

Progress in the effective implementation of the tax transparency standards

These findings stress once again that a multi-pronged approach can only be effective if a sound supervision of the compliance with the underlying obligations is performed. Therefore, Asian members of the Global Forum should still fine-tune certain aspects of their legal frameworks and establish solid supervision to detect non-compliance and implement enforcement measures. Some of the peer reviewed members recently reported establishing or reinforcing their multi-pronged approach. Looking at those which have either not been reviewed, or that have not received any ratings yet, two have reported implementing a multi-pronged approach, while the other six members are currently relying on one single source.

To help member jurisdictions improve their beneficial ownership framework, the Global Forum Secretariat and its partners provide bilateral technical support, organise experience-sharing and training events, and develop knowledge tools.

PROGRESS IN IMPLEMENTING THE STANDARD ON AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

All members of the Global Forum are committed to implement the AEOI standard, but developing countries that do not host a financial centre were not required to start AEOI by a defined date in recognition of their

TABLE 8. **Outcomes of the peer review against the Standard on automatic exchange of financial account information (as of 31 December 2023)**

| Jurisdiction | Determination of legal framework* | Rating for the initial effectiveness review** |
|-------------------------------------|-----------------------------------|---|
| Amenia | To be published in 2026 | To be published in 2028 |
| Azerbaijan | In Place But Needs Improvement | On Track |
| Brunei Darussalam | In Place | Partially Compliant |
| China (People's Republic of) | In Place | On Track |
| Georgia | To be published in 2025 | To be published in 2027 |
| Hong Kong (China) | In Place | On Track |
| Kazakhstan | Not In Place | To be published in 2025 |
| Korea | In Place | On Track |
| India | In Place | On Track |
| Indonesia | In Place | On Track |
| Japan | In Place But Needs Improvement | On Track |
| Macau (China) | In Place | On Track |
| Malaysia | In Place | On Track |
| Maldives | To be published in 2024 | To be published in 2026 |
| Mongolia | To be published in 2027 | To be published in 2029 |
| Pakistan | In Place | Partially Compliant |
| Singapore | In Place | On Track |
| Thailand | To be published in 2024 | To be published in 2026 |

Note:* The structure of the determination for legal frameworks, ranked in decreasing level of quality, is: In Place, In Place But Needs Improvement and Not In Place.*

** The three possible ratings allocated after an initial AEOI peer review are as follows, ranked in increasing level of compliance: Non-Compliant, Partially Compliant, On Track.

Source: Peer Review of the Automatic Exchange of Financial Account Information 2023 Update, OECD Publishing, Paris, <https://doi.org/10.1787/5c9f58ae-en>.

Progress in the effective implementation of the tax transparency standards

unique challenges and the lower risk they pose to the level playing field. These countries can implement the AEOI standard under a practical timeline adequate to their circumstances and with the technical support of the Global Forum Secretariat.

Since the start of AEOI in 2017 until 2023, 15 Asian Global Forum members have exchanged financial account information automatically. These countries are subject to the Global Forum's monitoring and peer review process to ensure the effective implementation of the AEOI standard. Through its comprehensive technical assistance programme, the Global Forum Secretariat is providing technical support to the other members not yet engaged in AEOI so that they could benefit soon from this form of co-operation.

As of end 2023, 13 Asian members of the Global Forum have been subject to an assessment of their legal implementation of the AEOI standard (Table 8). The vast majority of them obtained a satisfactory result: 10 (77%) received a determination of "In Place" without gaps identified, including India which improved its determination in 2023 by addressing issues previously identified, and 2 (15%) received a determination of "In Place But Needs Improvement" with some material gaps identified. In 2023, the legal implementation of the

AEOI standard by Kazakhstan was determined to be "Not In Place" due to fundamental gaps identified. The Global Forum Secretariat is working closely with Kazakhstan to address the recommendations made so that its legal framework can be reassessed as soon as possible. Finally, the assessment of the legal framework of the AEOI standard will be carried out in the next few years for the remaining five committed countries.

In addition, 12 Asian Global Forum members were subject to an initial review of the effectiveness of their implementation of the AEOI standard in practice. It aims at ensuring that committed jurisdictions effectively supervise the compliance of financial institutions with their due diligence, reporting and record-keeping obligations and take appropriate enforcement measures in case of non-compliance. The outcome of this desk-based review show that the vast majority of these members (83%, 10 jurisdictions) have established a sound compliance framework which was effectively being implemented and were rated "On Track". Pakistan and Brunei Darussalam received a rating of "Partially Compliant" due to the gaps identified in their compliance framework and/or the implementation of the compliance activities. Both jurisdictions have engaged with the Global Forum Secretariat to address the recommendations made and prepare for their



second round of effectiveness review, the outcome of which will be published in 2025. Finally, the 6 remaining committed countries will be subject to the initial round of effectiveness review in the next few years.

The Global Forum Secretariat is providing support to its members to implement or improve the implementation of the AEOI standard on their legal frameworks and/or to develop, improve or implement a sound compliance strategy and activities to ensure compliance of financial institutions with their CRS obligations.

MEETING THE CONFIDENTIALITY AND DATA SAFEGUARDS REQUIREMENTS FOR THE AUTOMATIC EXCHANGE OF INFORMATION

Ensuring the confidentiality of the information exchanged between tax authorities and protecting that information as required by the international legal instrument under which it is exchanged is a fundamental requirement of the tax transparency standards. Exchanged information shall only be used for the purposes and disclosed to the persons defined by the underlying international legal instrument.

With the development of global automatic exchanges of information between tax authorities, there was a necessity to build confidence between participating jurisdictions

that the data exchanged automatically would be subject to an appropriate level of confidentiality and data safeguards (CDS) in the receiving jurisdictions. To that end, CDS has been incorporated in the AEOI standard and a CDS peer review process was established to assess the appropriateness of the CDS framework of participating jurisdictions. The CDS peer review is currently conducted prior to the first exchange and after the first exchanges to ensure the information received has been protected and used appropriately. Where critical weaknesses are identified, jurisdictions are required to make improvements before a satisfactory assessment is concluded and information can be received. The CDS peer review process help Global Forum members establish solid information security management (ISM) framework and be ready to tackle the ever-evolving cyber-risks to which they are exposed (see Box 5).

In 2023, Thailand successfully passed its pre-exchange CDS peer review and was cleared for reciprocal AEOI exchanges.

Building capacities and assisting member jurisdictions in implementing and continuously improving their CDS framework, including by strengthening their ISM framework, is now a core component of the support provided by the Global Forum Secretariat.



BOX 5. Experience from MALAYSIA on undergoing the confidentiality and data safeguards assessment



Interview with **Dr. Abu Tariq Jamaluddin**, Chief Executive Officer of the Inland Revenue Board of Malaysia, on the experience of Malaysia in effectively preparing their confidentiality and data safeguards assessment which was launched in December 2023.



How did Malaysia prepare for its confidentiality and data safeguards peer review?

IRBM has set up its own Information Security Management (ISM) framework since 2013 to encourage collaborations among departments, in line with the Information

Technology Instructions established by the Malaysian Administrative Modernisation and Management Planning Unit, which comply with the globally recognised ISO 27001 standard. IRBM's ISM framework adheres to the standard and undergoes annual recertification to ensure ongoing compliance and effectiveness, demonstrating IRBM's commitment to maintaining the highest information security standards.

In preparing for the CDS peer review, IRBM established the Information Security Management Committee (ISMC), which serves to maintain and review the effectiveness of IRBM's security measures. Within this committee, clear reporting lines are in place, enabling key stakeholders to contribute their expertise and ensure clear guidance and alignment with designated objectives. This includes ensuring that ISM framework requirements are fulfilled and updated as needed.

Additionally, IRBM also ensures implementation of the ISM system, which encompasses processes for identifying, assessing and mitigating information risk, as well as developing policies and procedures to guide employees. This includes managing security-related incidents, integrating security into organisational changes and providing training to foster a culture of security awareness among employees.

In conclusion, IRBM is committed to high security standards, demonstrated through its ISM framework and ISMC, ensuring strong security measures and awareness.

Source: Inland Revenue Board of Malaysia.

What is Malaysia's perspective on the importance of confidentiality and data safeguards?

Malaysia embarked on its commitment to AEOI in 2015 with its first exchange in 2018. As further testament to this commitment, Malaysia proceeded with the signing of the Multilateral Competent Authority Agreement (MCAA) for the implementation of AEOI on 27 January 2016, and the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) on 25 August 2016. Recognising the importance of the confidentiality and data safeguard (CDS) to the organisation, Malaysia has continued to ensure that the confidentiality of CRS data remains protected with restricted access to the data for authorised personnel only. The Inland Revenue Board of Malaysia (IRBM) has proactively instituted measures to uphold Malaysia's adherence to the AEOI and CDS standards.

Malaysia particularly believes that maintaining the confidentiality of data is crucial, and that the integrity of data must always be preserved throughout the entire exchange of information process with other jurisdictions. Protecting and preserving the sanctity of data not only serves to fulfil the required standards but is also Malaysia's endeavour to instil confidence and trust among our global counterparts. By doing so, it will also help encourage more voluntary disclosures among taxpayers, which ultimately would lead to an increase in tax compliance.

During the recent CDS Assessment On-Site Visit from 21 to 23 November 2023, IRBM meticulously cooperated with the assessment, reaffirming Malaysia's commitment and further strengthening of our domestic legal framework to protect the confidentiality of taxpayers' information. Malaysia further welcomes the feedback received from the recent peer review process, which will enable it to strengthen its data protection policies and guarantee that adequate protections are in place to protect the confidentiality of data.



5

A transformative capacity-building programme to empower Asia

Since its inception in 2011, the capacity-building programme spearheaded by the Global Forum Secretariat in collaboration with its regional partners has been decisive in the progress that Asian members of the Global Forum made. To remain relevant, the programme is in constant evolution. Initially focusing on EOIR, it progressively encompassed the implementation of AEOI, including its intricate Information Security Management (ISM) component. The Asia Initiative's work plan (see Chapter 1) is furthering these efforts, enabling a more customised approach to capacity-building activities that better aligns with the region's realities.

5th Meeting of the Asia Initiative

28 November 2023 | Lisbon, Portugal



A TECHNICAL ASSISTANCE PROGRAMME IN CONSTANT EVOLUTION

In 2023, bilateral technical support was provided to 16 Asian jurisdictions: 7 Global Forum members benefitted from the long-term and comprehensive Induction Programme¹; 7 other members received tailored assistance in response to their specific needs. Pre-membership support has also been provided to two countries interested in joining the Global Forum so that they are fully aware of obligations and benefits that go with the membership to the Global Forum membership and therefore take an informed decision when joining.

Delivering on the implementation of the Standard of transparency and exchange of information on request

In 2023, the Global Forum Secretariat assisted 10 Asian members to deliver on the implementation of the EOIR standard, to ensure the availability, access and exchange of ownership, accounting and banking information, to join the MAAC and to establish effective EOI processes. The technical assistance for the implementation of beneficial ownership frameworks continued to be in great demand with 10 Asian members supported to enhance existing systems (such as the AML framework) or to create new beneficial ownership regimes, particularly under the central register and the entity approaches.

Asian members with upcoming peer reviews also received intensive assistance in the form of detailed maturity assessment of their legal and operational frameworks with recommended actions that could be considered to strengthen the transparency of their current regimes and ensure their Competent Authorities can access and exchange information in a timely manner (see Box 6).

The undertaken capacity-building work has translated positively. In 2023, following a long-standing assistance, Viet Nam became a Party to the MAAC (see Box 7). Guidance was provided at all stages of the process: preparation of the application to be invited to sign the MAAC, along with the confidentiality questionnaire, assistance in answering the additional questions raised by the members of the body co-ordinating, all matters relating to the MAAC, guidance for the signing of the MAAC and support with the submission of the instrument of ratification and the related declarations and notifications. As a result of these sustained efforts, there are as of date 20 Asian members which are Parties to the MAAC. In addition, Pakistan and Thailand obtained a satisfactory “Largely Compliant” rating in their EOIR peer review (see Box 4).

1. Induction programmes were developed in response to the specific needs of new members of the Global Forum that joined from 2016 onward, which are mainly developing economies with limited EOI experience. The objective of the Induction Programme is to make them familiar with the activities and processes of the Global Forum, and be in a position to fully benefit from the membership. It includes a comprehensive technical assistance programme covering the implementation and the effective use of the EOIR and AEOI standards.

BOX 6. **CAMBODIA – Technical assistance and mock on-site visit in preparation of the peer review on transparency and exchange of information on request**



In 2017, Cambodia joined the Global Forum as its 144th member underscoring its commitment to enhancing tax transparency internationally and fighting illicit financial activities. This move reflects Cambodia's dedication to combating tax evasion and complying with global standards for exchange of information, primarily facilitated through Double Taxation Agreements. In the realm of international co-operation and transparency in tax matters, Cambodia is currently undergoing its first EOIR peer review.

How has Cambodia been preparing for its first EOIR peer review?

The Inter-Ministerial Working Group was established in 2020 and is led by the astute chairmanship of H.E. KONG VIBOL, Minister Attached to Prime Minister and Delegate of the Royal Government in charge as Director-General of the General Department of Taxation (GDT). There is one secretariat of the Inter-Ministerial Working Group (Working Group), which is under the management of Dr SENG CHEASETH, who concurrently holds the position of Director of the Department of Law, Tax Policy, and International Tax Cooperation. This Working Group gathers representatives from pivotal ministries, institutes, and agencies, and demonstrates the collaborative spirit necessary for a successful review. Cambodia has been actively preparing for its first EOIR peer review and, to achieve this, the Working Group has extensively collaborated, refining recommendations provided by the technical assistance team from the Global Forum Secretariat and the Asian Development Bank (ADB).

Those recommendations focus on enhancing the availability and accessibility of information, including for inactive companies, and clarifying definitions related to ultimate beneficial ownership. Thus, regular meetings are held by the Working Group, prioritising the collection of necessary inputs based on questionnaires and recommendations from international experts. Recently,, to improve availability and access to information, the Memorandum of Understanding (MoU) between GDT and other relevant agencies such as Ministry of Foreign Affairs and International Cooperation (MFAI), Cambodia Financial Intelligence Unit (CAFIU), Securities and Exchange Regulator of Cambodia (SERC), Trust Regulator (TR), Insurance Regulator of Cambodia (IRC), Accounting and Auditing Regulator (ACAR), and Council for the Development of Cambodia (CDC), has been signed and

is now effective, marking significant progress in this area. Additionally, regulatory frameworks have undergone comprehensive review and adjustment to ensure the availability of legal ownership information and to rectify any weaknesses in existing regulations.

Overall, this collective endeavour highlights Cambodia's steadfast commitment to advancing its tax transparency agenda and aligning with Global Forum standards. With the MoU now signed and effective, Cambodia is well-positioned to continue its efforts. As it moves forward, Cambodia remains dedicated to doing its utmost for its upcoming peer review, which will be launched in the fourth quarter of 2024, aiming to enhance its compliance with the EOIR standard and contribute positively to global tax co-operation and transparency.

What benefits has Cambodia gained through the mock onsite visit of the technical assistance team in June 2023?

The mock onsite visit conducted by the technical assistance team in June 2023 has proven to be highly beneficial for Cambodia. It provided invaluable insights and tailored recommendations to guide future preparations, thus enhancing Cambodia's alignment with EOI standards and providing a clearer understanding of how to engage in reviews and address issues effectively.

Moreover, the visit heightened officials' awareness regarding tax transparency and EOIR processes, fostering a culture of compliance within Cambodia's regulatory framework. Specific deficiencies in legal frameworks and data management practices were identified, enabling Cambodia to better prepare and address these shortcomings, ultimately reducing the weaknesses in current regulations.

In summary, the visit has laid a solid foundation for Cambodia's progress in EOIR and tax transparency, aligning the country's practices with Global Forum standards. Practical suggestions were provided to refine Cambodia's tax transparency mechanisms, facilitating smoother transitions toward international compliance.

Continued on page 48...

A transformative capacity-building programme to empower Asia

... Box 6 continued.

What was Cambodia's overall experience with the technical assistance team?

Cambodia's engagement with the technical assistance team has proven to be greatly beneficial across multiple fronts.

These interactions have provided Cambodia with invaluable insights into international best practices, thereby enriching its institutional frameworks. Additionally, the team has facilitated capacity-building efforts by providing training in both physical and virtual formats. These include seminars covering topics, such as beneficial ownership and EOI, effective EOIR from an auditor's perspective, advancing beneficial ownership transparency in Asia and the Pacific region, sessions on beneficial ownership and EOI assessment processes, among other topics.

The team always answers any concerns Cambodia's team may have, and the details are very helpful and straightforward. Furthermore, this collaborative endeavour

has not only bolstered capacities, but also facilitated the development of robust legal frameworks in alignment with Global Forum standards.

These concerted efforts underscore Cambodia's commitment to continuous improvement and adherence to global norms. By leveraging all capacities and fostering collaborative partnerships, the ongoing interaction with the technical assistance team serves as evidence to Cambodia's proactive approach towards achieving its goals and aspirations.



Source: General Department of Taxation of Cambodia.

Boosting the assistance for the implementation of the Standard of automatic exchange of financial account information

The Global Forum Secretariat has continued the implementation of its 2021 Strategy for unleashing the potential of automatic exchange of information for developing countries.² The Strategy is based on a staged and multi-faceted approach covering all the areas necessary for the implementation of the AEOI standard. It has led to positive results in Asia and in other regions.³ In 2023, 10 Asian members of the Global Forum received technical assistance on AEOI related matters. They benefited from the multifaceted support aiding them in various crucial aspects of AEOI implementation:

- drafting or improving the legal framework to ensure its compliance with the requirements of the AEOI standard (five members)
- signing or activating the Multilateral Competent Authority Agreement on Automatic Exchange of

Financial Account Information (two members), which forms with the MAAC the legal basis for automatic exchange

- defining a sound compliance strategy to ensure that financial institutions comply with their due diligence, reporting and record-keeping obligations (four members) (see Box 8)
- setting up an appropriate information security management (ISM) framework, which ensures the confidentiality and safeguards of CRS data (five members)
- informing on key decisions relating to the AEOI portal (two members), which is used to receive the CRS data from the financial institutions, and which connects to the Common Transmission System to send CRS data to AEOI partner jurisdictions and receive the same from them.

2. OECD (2021), Unleashing the potential of automatic exchange of information for developing countries, 2021 Strategy, Global Forum on Transparency and Exchange of Information for Tax Purposes, available at <https://www.oecd.org/tax/transparency/documents/aeoi-strategy-developing-countries.pdf>.

3. In 2023, at the request of the Indian G20 Presidency, the Global Forum Secretariat prepared a report that takes stock of the progress made on the participation of developing jurisdictions in AEOI under the Strategy. OECD (2023), *Update on the implementation of the 2021 Strategy on Unleashing the Potential of Automatic Exchange of Information for Developing Countries*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD, Paris, <https://www.oecd.org/tax/transparency/documents/update-on-implementation-of-2021-aeoi-strategy-for-developing-countries.pdf>.

BOX 7. VIET NAM – Supporting the country’s participation in the Convention on Mutual Administrative Assistance in Tax Matters



Viet Nam became member to the Global Forum in 2020. In 2023, it became a Party to the MAAC. This achievement is a testament to Viet Nam’s resolute commitment and the result of the intensive technical assistance provided by the Global Forum Secretariat.

Why did Viet Nam decide to participate in the MAAC?

There have been several factors which prompted Viet Nam’s decision to join the MAAC. When Viet Nam became a member of the Global Forum, it was presented with the opportunity to join the MAAC as a building block of the technical assistance programme offered to new members by the Secretariat.

Viet Nam’s signing of the MAAC will create a multilateral legal framework to expand international cooperation on tax administration, implementing the policy of the Party and State of Viet Nam of “proactive, active, comprehensive, intensive and effective integration into the world”, “promoting and elevating the level of multilateral foreign relations”. Accession to the MAAC is also an important element for the implementation by Inclusive Framework members of the minimum standards to fight Base Erosion and Profit Shifting. This is also one of the European Union’s criteria for assessing the level of cooperation of a country on tax issues. Joining the MAAC enhances Viet Nam’s reputation and position in international cooperation frameworks with multilateral international economic and financial organisations.

In addition, the MAAC is a multilateral legal framework that regulates the forms and scope of possible tax administrative cooperation between MAAC signatories to support tax administration in member countries (determining tax obligations and tax collection), combating cross-border tax avoidance and evasion and other forms of non-compliance.

Viet Nam has a good understanding of EOIR thanks to its extensive network of double tax treaties covering 80 countries and territories around the world, of which 76 treaties have taken effect. However, some of these treaties provide for restrictions in terms exchange of information and are not fully in line with the EOIR standard. Participating in the MAAC will overcome these restrictions. It will help Viet Nam move towards AEOI and expand its EOI network (to at least 146 partners compared to

80 partners within the scope of application of the tax treaties). It will also expand the taxes covered by EOI (Personal Income Tax, Corporate Income Tax and Value Added Tax), the persons subject to EOI (tax and non-tax residents, national or not of a Signatory) and the forms of EOI and cooperation, including assistance in tax debt recovery.

For the reasons mentioned above, signing the MAAC provides Viet Nam with a tool to address all of these issues at once, without waiting for new negotiations or updates to EOI tools with interested partners, and it prepares Viet Nam for peer review on EOIR.

Furthermore, Viet Nam is considering the implementation of the AEOI standard and made a commitment as an Inclusive Framework member to implement the Country-by-Country Reporting standard. The MAAC will be the legal basis for all these exchanges and will help Viet Nam satisfy partners’ requests and mobilise more domestic revenue.

What was Viet Nam’s overall experience with the technical assistance team?

Viet Nam and the technical assistance team started working together on the ratification of the MAAC almost immediately after Viet Nam became a member of the Global Forum. Viet Nam received support for all steps to join the MAAC, from the beginning, such as: preparation of the confidentiality questionnaire and the letter to request the access to the MAAC through to the last step to deposit the instrument of ratification. The Secretariat was very enthusiastic and supportive in assisting Viet Nam to stay with a firm timeline to achieve the desired result, which posed some challenges to Viet Nam due to the different domestic stakeholders involved. The assistance received was really critical for Viet Nam to become a member of the MAAC.

Source: General Department of Taxation of Viet Nam.





“Strengthening information security management is a priority for the State Tax Committee as part of our endeavour to meet our commitments as a recent member of the Global Forum. Through the technical assistance programme of the Global Forum Secretariat and the experience knowledge sharing we were able to participate in, we feel more equipped to take informed decision. We particularly appreciate the modular approach followed by the Global Forum Secretariat which enables us to understand where the gaps may be, then improve our systems with solid assistance from the team of the Secretariat and finally implement those new changes to ensure we are mature enough before taking a commitment date to AEOI. I am confident that our team has gained in knowledge and that all the steps necessary to ensure that our confidentiality and data safeguard framework is up to international standard are taken. This is important to then enable us in future to automatically receive information from our foreign partners to strengthen our fight against international tax evasion and other illicit financial flows.”

Sherzod Kudbiyev, Chairman of Tax Committee under the Cabinet of Ministers of the Republic of Uzbekistan

In 2023, as a result of the technical assistance provided over the past years, Armenia and Mongolia committed to implement AEOI by 2025 and 2026 respectively (see Box 9). In addition, Thailand was successfully assessed on confidentiality and data safeguards and started its first reciprocal automatic exchanges. Moreover, technical assistance continued to be provided to support Asian Global Forum members in considering a date for their first automatic exchanges, implementing all the components of the AEOI standard and preparing for their AEOI peer review. Finally, during its Plenary meeting in November 2023 in Lisbon, Portugal, the Global Forum Secretariat launched its ambitious “ISM Preliminary

Maturity Assessment programme” aimed at offering to all Global Forum members which have not yet engaged in any ISM capacity-building activities to undergo a high-level maturity assessment of their ISM arrangements. This programme will be concluded in 2024 with a technical assistance report provided to the participating jurisdictions, which will include an analysis of their current ISM maturity level, its strengths and areas for improvements, as well as a proposed action plan to address the ISM gaps identified and implement all the other components of the AEOI standard. The objective is to inform the participating jurisdictions on a realistic date to start AEOI.

BOX 8. **BRUNEI DARUSSALAM – Technical assistance on compliance for AEOI**

Following the initial round of AEOI effectiveness review in 2022, where Brunei Darussalam received some recommendations, Brunei Darussalam benefited from tailored technical assistance from the Global Forum Secretariat to address them and prepare for the second round of review, including its on-site visit scheduled to take place in the fourth quarter of 2024.

Brunei Darussalam committed to implement the AEOI standard starting 2018 onwards. Financial institutions in Brunei Darussalam are required to collect and report to the Collector of Income tax, as the Competent Authority, the reportable financial account information starting from 1 January 2017. Financial institutions are required to collect the information from 1 January to 31 December every year and report it (including nil returns, if applicable) to the Competent Authority in the subsequent year no later than 30 June every year.

The technical assistance was initiated through correspondence between the authorities of the Ministry of Finance and Economy and the Global Forum Secretariat. Technical assistance provided includes helping Brunei Darussalam to develop its own CRS Compliance Framework which is largely based on the Model Administrative Compliance Strategy for AEOI elaborated by the Global Forum Secretariat and the experience of other countries, which have already started to implement AEOI compliance activities. Brunei Darussalam has now embarked on implementing its AEOI Compliance Framework. This includes identifying new reporting financial institutions, conducting audit reviews on reporting financial institutions and so forth.

Source: International Unit, Revenue Division, Ministry of Finance and Economy, Negara Brunei Darussalam.



BOX 9. **ARMENIA – Implementation of the automatic exchange of information**

In February 2023, Armenia has committed to implementing the AEOI standard, with plans to initiate the exchange of financial account information by 2025. Additionally, in December of the same year, Armenia undertook a commitment to implementing the CARF, aiming to commence exchanges under this standard in 2027.

Since 2022, Armenia has received technical assistance for its AEOI framework from the Global Forum Secretariat in collaboration with the Asian Development Bank. The team has focused on enhancing Armenia's legal framework and raising awareness about the AEOI standard among the State Revenue Committee of the Republic of Armenia and financial institutions. In February 2023, Armenia committed to implement the international Standard for Automatic Exchange of Financial Account Information in Tax Matters (Common Reporting Standard) by 2025. This marks a pivotal milestone for Armenia following years of dedicated work. Information security management is at the heart of AEOI and Armenia conducted this work well ahead of its first

exchange. With the assistance of the Global Forum Secretariat, which involved onsite visit, recommendations and virtual follow-ups to ensure progress, Armenia has been scheduled for assessment less than a year after.

Aware of the role we have to play in the fight against tax evasion, and willing to be at the fore-front rather than at the back end, Armenia also joined the CARF Group in September 2023 to underscore its keen interest in adopting CARF standards and is actively pursuing reforms for taxing cryptocurrency transactions. Armenia is fully prepared and eager to participate in joining this newly formed group and in conjunction with Common Reporting Standard, Armenia is increasingly combating tax avoidance and evasion.

Source: The State Revenue Committee of Armenia.



An impactful capacity-building programme for Asia



The National Academy of Direct Taxes (NADT) is the Institution fully dedicated to developing excellence among the Officers of the Direct Taxes Administration in India. The frontiers of training at NADT travel beyond the Department and we were delighted to facilitate building capacity of tax officials from the Asia Initiative members. Our partnership with the Global Forum Secretariat is in line with our aspiration to contribute to the sharing of knowledge on international tax matters and exchange of information. The two trainings we hosted in 2023 received very positive feedback from the participants and we were pleased to welcome them in the beautiful city of Nagpur.

Anand Baiwar, Director General (Training), National Academy of Direct Taxes, India

BUILDING CAPACITIES ON TAX TRANSPARENCY IN ASIA

The capacity-building programme of the Global Forum Secretariat grew substantially over the past decade in response to significant changes and new challenges in the tax transparency landscape and beyond. That is the reason why the Secretariat makes it a point of pursuing sustainable and inclusive capacities of its Asian members through either the Asia Initiative activities or through thematic workshops delivered to all Global Forum members and attended by Asian officials, and the two flagship Train the Trainer and Women Leaders in Tax Transparency programmes.

Strengthening Asian members' capacities through workshops and seminars

The delivery of training events is one of the axes of the Global Forum Secretariat's capacity-building programme, which strengthens the scope of the technical assistance by making sure that EOI knowledge reaches broader audiences.

In 2023, over 1 000 officials from the 22 Asian Global Forum members have attended 30 training and sharing-experience events on different areas of tax transparency (see Table 9). This includes both dedicated Asia Initiative events, such as the two in-person training events hosted by India, through the National Academy of Direct Taxes facilities, which largely contributed to a more effective up-scaling of the EOI knowledge among participants (see Table 2), but also other events, open to all Global Forum members, to which tax officials of Asian member jurisdictions participated.

Contributing to gender balance is a core ambition of the capacity-building programme of the Global Forum. To that end, the Global Forum Secretariat encourages in all its event female participation, including by strongly inviting member jurisdictions to consider gender balance when nominating their participants to training events. In 2023, 47% of the Asian participants in capacity-building activities were female officials.

TABLE 9. **Number of trainings and participants, per topic**

| Topics | Number of events | Number of participants |
|--|------------------|------------------------|
| EOIR (including beneficial ownership) | 7 | 55 |
| AEOI | 7 | 342 |
| EOIR/AEOI | 7 | 213 |
| Training on using EOI tools for tax auditors | 2 | 145 |
| Confidentiality | 7 | 296 |
| Total | 30 | 1 051 |

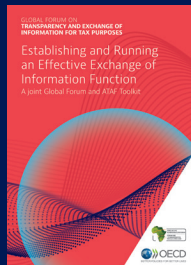
Source: Global Forum Secretariat.

Accessibility to up-to-date knowledge Toolkits and other tools

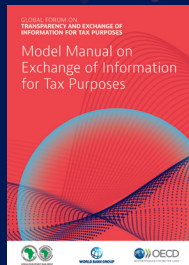
The Global Forum Secretariat has developed an array of toolkits and manuals⁴ designed to address knowledge gaps and support capacity building. These resources

4. Toolkits and manuals are available at <https://www.oecd.org/tax/transparency/documents/key-publications-and-documents.htm>.

Global Forum toolkits 2020-2023



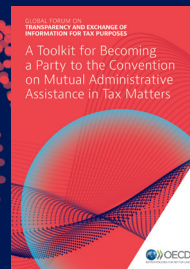
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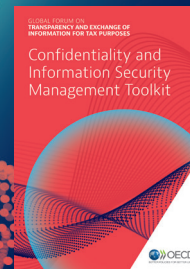
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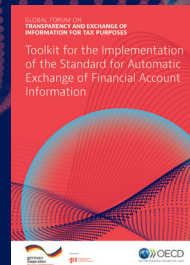
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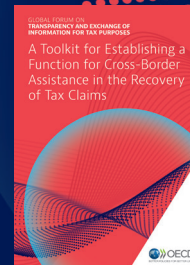
2020



2020



2021



2023



provide practical solutions for member jurisdictions, especially those in the development phase, aiming to leverage EOI tools within their domestic revenue mobilisation strategies.

In 2023, a toolkit was released to help interested Global Forum members establish a function within their jurisdiction to participate in cross-border assistance in the recovery of tax claims⁵. In addition, three new guidance and templates were made available to tax authorities upon request to support the implementation of the AEOI standard, including its CDS requirements:

- a *Methodology for Implementation of the Risk-Based Approach to Administrative Compliance – Risk Matrix* to help members to develop their own risk-based approach for the supervision of the compliance of their financial institutions with their CRS obligations
- a *Guidance on Implementation of a Secure Perimeter for AEOI Purposes* to help members to fast-track the implementation of an appropriate CDS framework to start AEOI
- an *Information Classification and Handling Policy Template*, which can serve as a model for member jurisdictions in defining their classification policy of documents.

In 2023, 19 Asian members of the Global Forum have requested at least one of the 21 tools available upon request developed by the Global Forum Secretariat.

E-learning courses

The e-learning courses⁶, available via the Knowledge Sharing Platform (KSP), are also an integral part of the capacity-building strategy. To facilitate wide-ranging participation, these courses are accessible at no cost and are tailored to allow officials flexibility in learning. These courses have become a cornerstone in equipping officials with a foundational understanding of tax transparency, acting as preparatory groundwork that enriches subsequent, more focused technical assistance. They elevate the efficiency of technical meetings by ensuring all participants possess a baseline of knowledge, fostering a more interactive and productive discussion.

In 2023, two e-learning courses were released:

- an e-learning module presenting the Common Transmission System, which is the secured channel allowing jurisdictions to perform over 25 types of exchanges, including AEOI
- a course on understanding information security management documentation, which elaborates on the different types of documents that can be part of the ISM framework, such as policies, procedures, processes and records.

Second generation programmes: inclusivity and sustainability

Building sustainable capacities and promoting gender balance are cornerstones of the capacity-building

5. OECD (2023), *A Toolkit for Establishing a Function for Cross-Border Assistance in the Recovery of Tax Claims*, Global Forum on Transparency and Exchange of Information for Tax Purposes, available at <https://www.oecd.org/tax/transparency/documents/a-toolkit-for-establishing-a-function-for-cross-border-assistance-in-the-recovery-of-tax-claims.pdf>.

6. E-learning courses available at <https://www.oecd.org/tax/transparency/resources/global-forum-e-learning.htm>.

An impactful capacity-building programme for Asia

FIGURE 14. **Structure and sequence of the Train the Trainer programme**



Source: Global Forum Secretariat.

programme of the Global Forum Secretariat. The Train the Trainer and the Women Leaders in Tax Transparency flagship programmes have materialised this approach.

Building sustainable capacities through the Train the Trainer Programme

The Train the Trainer Programme⁷ was launched for Asian tax officials in 2022, with the objective of building a network of local EOI experts, who can afterwards multiply this knowledge throughout their tax administrations. In this manner, sustainable EOI capacities and technical skills are sustained over time. The Train the Trainer programme has a duration of nine months, during which the participants develop and strengthen their EOI knowledge, their own training material and their soft skills to be able to deliver at least two local training sessions at the end of the programme (see Figure 14).

In 2023, the second edition of this programme was attended by 17 participants from 8 Asian members of the Global Forum. The 2023 laureates conducted 16 local training sessions for 557 officials from their respective tax authorities in their respective language, favouring better assimilation of EOI concepts by the trained auditors. Additionally, the 2022 laureates continued to conduct training sessions (56 officials). Overall, since 2022, the programme has facilitated the development of a network of 38 local trainers from 14 Asian jurisdictions who have already trained 1 483 officials in EOI (see Table 10).

The Train the Trainer programme, through the local capacities developed and trainings held, has already

led to an increase in the use of the EOI tool in some of the participating jurisdictions (see Box 10). To support local trainers in their role, the Train the Trainer network has been built and its first in-person gathering took place in December 2023, in Boulogne-Billancourt, France. This event was attended by 53 participants from 26 jurisdictions, among which 9 participants from 5 jurisdictions from the Asian programme. This first Network meeting was the occasion for all participants from the four regions⁸ benefitting from the programme to share their personal experiences and brainstorm together on the next chapter of the programme. All highlighted the importance of case studies and e-learning courses in passing on their message to the trained audience.

TABLE 10. **Results of the Train the Trainer programme for Asia**

| | 2022 | 2023 | Total |
|---|------|------|-------|
| Train the Trainer programme | | | |
| Number of countries | 11 | 8 | 14 |
| Number of participants | 21 | 17 | 38 |
| Female participation (%) | 77 | 65 | 72 |
| Local training sessions | | | |
| Number of training sessions delivered | 16 | 17 | 32 |
| Number of officials trained | 870 | 613 | 1 483 |
| Female participation in local trainings (%) | 44 | 44 | 44 |

Source: Global Forum Secretariat.

7. More information on the Train the Trainer Programme is available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/train-the-trainer.htm>.

8. Since its launch in 2021, the Train the Trainer programme has been implemented in Africa, Asia, Latin America, and Central and Eastern Europe / the Middle East.

BOX 10. **Interviews from two participants of the 2023 Train the Trainer Programme**

Mr Gautham S. Mukundan, Under Secretary (FT&TR-III)(2), Foreign Tax & Tax Research Division, Central Board of Direct Taxes, India

What were the key steps you have taken in preparing your local trainings?

To prepare for the local training, I had endeavoured to identify the main issue of importance to the audience. For example, some participants may have a reasonable awareness of the EOI procedures and their issues may lie with certain fact patterns and the types of information that can be sought in an EOI request. These participants would require trainings that focus more on the practical aspect and less on the theoretical basics. Further, the local training requires customisation with respect to the inclusion of words and phrases, where possible, to be in regional language, to ease understanding of the participants. I tried to keep the trainings focused towards addressing the commonly seen issues in relation to understanding and drafting of EOI requests that are received in the EOI unit, from the respective field formations.

Feedbacks show that use of practical examples is more effective than theoretical teaching. How would you describe your experience as a trainer and what were the reactions you received from tax auditors who participate in your local trainings?

Practical examples are essential not only to break the monotony of the presentation, but also for effective engagement of the participants. The practical examples and the case studies session were where the tax auditors have engaged the most during the trainings. Practical examples and case studies also allow the trainer to evaluate the effectiveness of the learning of the participants in real time which helps in revisiting the required topics again for better understanding of the participants. The examples also help the tax auditors transition from being mere recipients to being active participants in the process.

Mr Suwondo Suwondo, Tax Official, Sub-directorate of International Exchange of Information, Directorate General of Taxes, Ministry of Finance, Indonesia

How would you describe your overall experience of the Train the Trainer programme?

I enjoy the programme very much. During the programme, we received so many inputs regarding materials as well as technical aspects, such as how to do the training in online or offline settings, number of participants, ice breakings, and other things. I became more confident in both handling the EOI case, as well as in presenting to my colleagues regarding the concept of EOI. Further, discussion among participants, who are EOI analysts from other jurisdictions, has widened my perspective and deepened my understanding in dealing with the EOI cases. In short, this is one of the best virtual workshops I have ever joined.

Why was it important for Indonesia to invest into building training capacity?

Our tax authority is a very big organisation. We have in total of more than 44 000 officials, spreading in 34 regional offices and 352 local offices. Thus, improving official's capacity is an integral part of our strategy of securing tax revenue. Although we have sent many EOI requests for the last five years, we realised that those requests were not evenly distributed amongst our units. While some units sent

many EOI requests, others sent zero. Thus, raising awareness of our tax officials and increasing their skills in utilising EOI and in analysing taxpayer's compliance are very important. Further, as we are expecting that more cross-border transactions will be carried out by taxpayers in the future, as we have already seen in the past few years, it is essential to provide our tax officials with the skills to utilise EOI as part of their tools in analysing taxpayers' tax liability.

How have you taken advantage of the Train the Trainer programme?

As part of the programme, we successfully conducted three local trainings with more than 150 participants. In October 2023, we successfully conducted a workshop with nearly 100 officials. Following the workshop, we put an obligation to the participants to conduct their own transfer of knowledge in their local units. In total, 2 892 tax officials have joined the transfer of knowledge programme. Currently, we are drawing up a report for each unit measuring the impact of our workshop (and transfer of knowledge).

Sources: Central Board of Direct Taxes, India; Directorate General of Taxes, Ministry of Finance, Indonesia.



Promoting gender balance through the Women Leaders in Tax Transparency programme

The fight against gender inequalities is an ambition of the capacity-building strategy of the Global Forum Secretariat.⁹ Beyond the actions carried out to promote more female participation in training events, the Global Forum Secretariat launched in 2022 the Women Leaders in Tax Transparency programme. This flagship programme aims to promote gender balance in tax transparency and female leadership in tax administrations and ministries of finance. During this nine-month programme, participants engage in technical sessions, as well as in mentorship and leadership training sessions to build strong skills on tax transparency and effective implementation of the EOI standards. The mentoring sessions are delivered by experienced and successful women in the tax transparency field.

In 2023, for its second iteration, four women from four Asian Global Forum members¹⁰ successfully participated in the Women Leaders in Tax Transparency programme. Completing the different sessions, they joined the dedicated network of 46 laureates of the 2022-2023 editions¹¹.

The Women Leaders in Tax Transparency network conducted its first annual virtual gathering in October 2023 and was attended by 32 laureates of 2022 and 2023. Laureates from the first edition shared their success and how the programme has actually changed their

realities and day-to-day work. Many reported that they had seized chances that they would not have considered before the programme. At the end of the programme, three of the four Asian participants shared that they intended to launch their own local Women Leaders in Tax Transparency Programme to help their female colleagues to unleash their whole potential and take full ownership of their career growth.

The Network also had an opportunity to meet in person in the margin of the Plenary Meeting of the Global Forum and was attended by three laureates from Asia¹². It is planned that the Network will continue to expand in coming years, keeping the necessary space for the laureates to interact and exchange as regularly as possible.

A lively Network on information security management

Enhancement of the confidentiality and data safeguards frameworks is discussed within the ISM Network launched at the 2021 Global Forum Plenary meeting. It encourages Global Forum members to share best practices and experiences. The ISM Network is a platform gathering more than 230 nominated representatives from 76 jurisdictions, including 21 officials from 7 Asian members.

Through the Network, security experts from tax authorities or ministries of finance have been able to share experiences and good practices on ISM-related issues. The quarterly “ISM Network Live Hours” offer

9. OECD (2020), *Capacity Building: A new Strategy for the Widest Impact*, Global Forum on Transparency and Exchange of Information for Tax Purposes, available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/Capacity-Building-Strategy.pdf>.

10. Georgia, Maldives, Thailand, and Uzbekistan.

11. 22 participants in the 2022 edition and 24 participants in the 2023 edition.

12. Georgia, Maldives and Uzbekistan.



“Being the youngest member in the senior management team of the Maldives Inland Revenue Authority (MIRA), I decided to participate in the Women Leaders in Tax Transparency programme as I saw this as an opportunity to learn from the phenomenal women leaders in the tax arena who mentored in the programme.

My experience with this programme has been nothing short of extraordinary. I had the opportunity to engage with women leaders working across different continents and backgrounds, all dealing with similar challenges in both work and personal lives and learn from their experiences. This programme has helped to build a support system for women to assertively take charge of their work, advance their careers and excel as leaders.

I am committed to empowering and uplifting other women in their leadership journeys and I believe that the strongest support a women can receive is from another women, and it is our responsibility to support each other in bridging the gender gap and help women achieve their full potential. I plan to initiate a mentorship programme in MIRA and, similar to the Women Leader in Tax Transparency cohort, I envision to see a group of empowered women empowering women in our tax administration as well.”

Himmath Hassan, Deputy Director General, Planning and Development, Maldives Inland Revenue Authority



“I decided to participate in the 2023 Women Leaders in Tax Transparency programme as currently I am working on the implementation of the international standards of information exchange in Uzbekistan. My experience in the programme has been incredibly enlightening, providing me with valuable insights and networking opportunities. The impact of participating in the programme has been empowering, as it has equipped me with the knowledge and skills to advocate for tax transparency and gender equality in leadership roles. Moving forward, I am planning to take steps to enhance women’s leadership in tax transparency by mentoring and supporting other women in the field. In particular, within our tax administration, we are running a programme modelled on the Women Leaders in Tax Transparency programme to promote gender diversity, and support initiatives that promote transparency and equality in tax matters. I hope I will be able to share the results of the programme with the Global Forum family very soon.”

Nafisa Sadullaeva, Deputy Head of International Tax Relations Division of the Tax Committee under the Cabinet of Ministers, Uzbekistan

an opportunity to build knowledge and capacities by discussing critical ISM topics proposed by the Network’s experts themselves. In 2023, the following topics were covered:

- information classification and handling (March 2023)
- effective monitoring of logs for critical suspicious activities (May 2023)
- effective protection from exfiltration of exchanged data (September 2023).

In addition, the Global Forum Secretariat held the first “ISM Day” event, a five-hour virtual conference for the information security officers and related staff from the member jurisdictions. This event covered four key topics with presentations from the in-house ISM advisors and the contribution of 13 panellists: (i) information security governance, (ii) cyber risks, (iii) secure perimeter, and (iv) remote working. The ISM Day was attended by 570 officials from 121 jurisdictions, including 127 officials from 17 Asian members.

An impactful capacity-building programme for Asia



INDONESIA *"I enjoyed every aspect of ISM 2023 and was very impressed by the content of the seminar, especially on how the Secretariat presented it. The Secretariat gave clear and concise examples to support the interpretation of how to utilise the information security knowledge and technical know-how to relate the contents to our daily working activities."*

MACAU (CHINA) *"The information shared during the ISM Governance session is very helpful for us to step forward from the secure perimeter to a wider scope of the tax administration, it also gives us valuable ideas for our future discussion and enhancement relating to ISM of the organisation."*

MALAYSIA *"The greatest benefit was understanding the importance of documented procedures and roles of certain 'security personnel'."*

IMPLEMENTING THE ASIA INITIATIVE'S COMPLEMENTARY ACTIONS

In addition to the baseline actions aimed at supporting the implementation and use of the tax transparency standards, the Asia Initiative's 2022-2026 high-level work plan set possible complementary actions aimed at helping interested members make use of the other co-operation possibilities offered by the MAAC. They include advanced forms of co-operation to tackle tax evasion and other IFFs and to improve DRM: effective use of CRS data, EOI on Value Added Tax (VAT) or Goods and Services Tax (GST), the wider use of EOI data for non-tax purposes, the recovery of tax claims, and other forms of co-operation (e.g. spontaneous EOI, simultaneous audits, and tax examination abroad). In accordance with the 2023 annual work plan,

the following actions will be carried out on the complementary actions:

- a working group on the effective use of CRS data has been established to work on ways to support participating jurisdictions in maximising the potential of the received CRS data
- the synergies with the work carried out by the other regional initiatives will be explored through experience-sharing events
- using EOI to fight VAT / GST evasion and fraud cases.



"Given the strong economic ties and growth of cross-border transactions across the region, enhancing tax transparency and promoting mutual assistance are key components for all Asian tax authorities to fight against non-compliance, ensuring the reliability of their tax systems, and mobilising domestic tax revenue. In 2023, Asia Initiative has marked key milestones, the launch of a working group and the reach-out activity to non-member jurisdictions. For expanding these outcomes and the benefits of the mutual assistance including mutual assistance in tax recovery, Japan is committed to support and actively participate in the Initiative's work. "

Hitoshi Sumisawa, Commissioner of National Tax Agency, Japan

Advancing the use of automatically exchanged financial account data

The AEOI standard provides jurisdictions with a large amount of information on financial accounts held abroad by their taxpayers. Delivering the full potential of the AEOI standard not only requires complete and accurate information to be exchanged in the correct format but also the effective use of the information. While the use of the CRS data by Asian members has brought additional revenue, they still face some challenges that should be addressed to ensure that they exploit to its full potential the CRS data received.

The issue of the maximisation of the use of CRS data has been ranked as a high priority for Asia Initiative

members in their high-level work plan. As a first step, the 2023 annual work plan includes the establishment of an Asia Initiative Working Group on the Effective Use of CRS Data (Working Group). The Working Group, which is composed of 27 tax officials from 14 Asian members, met virtually for the first time on 17 November 2023. The Working Group is mandated to come up with strategy, framework and procedures, as well as tools and methods for the effective use of the CRS data received.

Some of the expectation of the participants in the Working Group are reflected in Box 11

BOX 11. Experiences from three members of the Working Group on the effective use of CRS Data

Three members of the Working Group, which was launched under the Asia Initiative in November 2023, share their perspectives on the relevance of the Working Group for them, and their expectations.

HONG KONG (CHINA)

Why did you decide to join the Working Group?

Hong Kong (China) is a staunch supporter of international tax co-operation, and we fully appreciate the importance of the effective use of data received under the CRS to the combating of tax evasion and other illicit financial flows. The Working Group provides a unique regional platform for members of the Asia Initiative to discuss and share experiences on the use of CRS data.

We believe that participation in the Working Group will allow us to:

- know more about the mechanisms and practices adopted by other Asian jurisdictions in processing CRS data, which in turn provides us an opportunity to reflect on how we could improve our own implementation of the CRS
- exchange experiences with other Asian jurisdictions on the challenges encountered in the processing of CRS data, and share views on practical solutions to address these challenges
- learn from the experiences of other Asian jurisdictions on how they use CRS data to combat tax evasion and enhance tax compliance

- connect and network with other Asian jurisdictions for closer collaboration on tax transparency.

We think that the above will enable us to strengthen our administration of tax compliance and to provide better assistance to our exchange partners. We look forward to working together with the other participants of the Working Group to ensure the effective use of CRS data so that Asian jurisdictions will be able to reap the full benefits of implementing the CRS.

What are your expectations for the future activities of the Working Group?

Hong Kong (China) uses the data received under the CRS for risk assessment, tax audits and tax collection. To ensure the effective use of CRS data in these work areas, we consider it very helpful to learn from other jurisdictions' experience on data cleansing and data matching, as well as risk profiling and data analytics. We look forward to frank and open discussions on these topics during the periodic virtual meetings of the Working Group.

Source: Inland Revenue Department, Hong Kong Special Administration Region of the People's Republic of China



Continued on page 60...

... Box 11 continued.

KOREA

Why did you decide to join the Working Group?

We all have a common goal. We are all tackling tax non-compliance that undermines tax equity within our respective national territories. As we recognise currently, tax avoidance strategies are no longer confined to a single country but are organised on a global scale. To counter this, we need all countries to work together to ensure tax transparency and have an effective approach to combat offshore tax evasion.

We believe that exchange of information is one of the most effective mechanisms for securing tax transparency, and the CRS system, in particular, is proving to be effective in that the vast majority of countries around the world currently participate in it. However, in order for the CRS system to be more effective, all countries should participate in the system to ensure that there are no loopholes and that all countries participating in the system can obtain accurate and meaningful information at the same level for the purpose of taxation.

Therefore, the Korean National Tax Service has joined the Working Group with the aim of contributing to best practices for tax transparency by addressing the challenges faced with CRS through concrete activities such as discussions and experience sharing within the Working Group and realising an enhanced level of information exchange among Asian members.

MONGOLIA

Why did you decide to join the Working Group?

Although Mongolia has not started the exchange of CRS information yet, joining the Working Group serves as a platform for experience sharing between the Asia Initiative member countries. We are not yet at the same level of experience as some other members, but we feel that hearing from them and learning from their best practices in the effective use of CRS data has a great impact on how we can make informed decisions domestically. It raises our awareness on challenges and issues but also on solutions that may have been found and tested by other members. We actually feel lucky to participate in such Working Group as it brings us one step ahead.

What are your expectations for the future activities of the Working Group?

Within the working groups of the Asia Initiative, we hope to discuss and address encountered practical issues with group members, such as matching of exchanged CRS data and diversifying the use of CRS exchange materials.

For example, we would like to share and discuss TIN information among Asia Initiative members to ensure accurate financial information exchange, as well as various schemes to improve the quality of the financial information.

The ultimate purpose of CRS exchange is to use accurate data for taxation purposes, so improving the matching rate of exchanged CRS data is the second important issue we need to cover, and one example of how to improve the matching rate is to share practical methods and systems that each country has adopted for matching process, and discuss the effective ways to improve the matching rate among the members of the Asia Initiative.

Lastly, the utilisation of exchanged CRS information. By sharing the various ways of utilising CRS information, benchmarking among the countries of the Asia Initiative will increase the level of utilisation of exchanged CRS information.

Source: Korean National Tax Service.



Building on synergies with other regional initiatives

The Co-Chairs of the Asia Initiative have highlighted the need for an enhanced collaboration between the Asia Initiative and similar initiatives in Africa and Latin America. This materialised during the Fourth Asia Initiative Meeting held in 2023 in New Delhi, India: one of the Co-Chairs of the Africa Initiative attended the meeting in person and presented the work carried out in Africa on cross-border assistance in tax recovery, while the Chair of the Latin America Initiative intervened remotely on the progress made in Latin America on the use for non-tax purposes of information prior obtained for tax purposes (wider use). Similarly, one Co-Chair of the Asia Initiative also intervened remotely in the Africa Initiative annual meeting to present the areas of work agreed by the Asia initiative.

These topics are relevant for some Asia Initiative members. Indeed, over the period 2021-2023, 68 requests for assistance in tax recovery have been made and brought over EUR 6 million in Asian members' coffers,

while over the period 2022-2023, 116 requests for permission to use prior EOI received data for non-tax purposes have been sent by 4 Asian members, with an approval granted in 38 cases.

In accordance with the 2023 annual work plan, experience-sharing events will be organised on cross-border assistance in the recovery of tax claims and wider use early 2024.

Using EOI to combat VAT/GST evasion and fraud

Asia is particularly exposed to VAT/GST fraud (see Box 2) as the region relies heavily on VAT/GST and most Asian countries are deriving 20% or more of their revenues from VAT/GST¹³. Box 12 illustrates through a case study the potential additional revenue that may be generated if EOI is used for VAT/GST investigations.

In accordance with the 2023 work plan, a meeting will be organised early 2024 to identify the specific issues related to EOI for VAT/GST purposes, which would inform further capacity-building activities in this area.

13. Asian Development Bank (2024), ADB Briefs no 290, Mobilising Taxes for Development, available at <https://www.adb.org/sites/default/files/publication/946531/adb-brief-290-mobilizing-taxes-development.pdf>.

BOX 12. PEOPLE'S REPUBLIC OF CHINA – Using exchange of information to tackle fraud for Value Added Tax refunds



In China, EOI was more frequently used in the international tax avoidance cases, including sham payment, treaty abuses and so on. Since 2021, with a general call from the central government to tackle information asymmetry between the taxing and taxed sides, in which to secure information from offshore is a critical aspect, a new round of EOI enthusiasm has been running high to combat cross-border tax fraud under the existing bilateral and multilateral legal instruments.

Recognising the vulnerable nature of Value Added Tax (VAT) to fraudulent cross-border arrangements, the State Taxation Administration (STA) has launched a number of cases to combat frauds for VAT refunds on exports, which have substantially helped stem loss of revenue with significant deterrent effect. Thanks to the information provided by the treaty partners, STA reported additional revenue in 2023 due to EOIR for VAT investigation amounting to EUR 22 million (equivalent Chinese Yuan Renminbi (RMB) 171 million).

CASE: Inflated refund claim and fictitious trade

Company A was a company with small sales revenue in three years prior to 2019. However, its sales revenue jumped by a big margin in 2019. All its products were sold to Company B, an import & export company registered in China in 2019. The invoices issued with a total price of EUR 21.5 million (RMB 167 million) were VAT inclusive

and the price was severely inflated compared with the true value. Then Company B exported the products to Company C in Jurisdiction X, which is a low tax rate jurisdiction. Company B reclaimed the VAT charged to it by Company A and, because the sale was zero-rated, it declared no output tax.

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An impactful capacity-building programme for Asia

... Box 12 continued.

Moreover, Company A's operating costs were disproportionately high and they were all outbound payments. In 2019, the annual operating costs were EUR 22 025 989 (RMB 170 216 300), of which EUR 22 009 658 (RMB 170 090 100) was paid to Companies D and E in Jurisdiction X, accounting for 99.93% of the operating costs.

Our tax auditors suspected that Company A shifted funds to Companies D and E in Jurisdiction X in the form of service costs. Companies D and E somehow transferred the funds back to China through Company C to jointly defraud the VAT refunds.

Having exhausted all the information domestically available, the Chinese Competent Authority requested information from Jurisdiction X in accordance with the EOI provisions in the Convention on Mutual Administrative Assistance in Tax Matters, trying to figure out whether Companies D and E provided real services to Company A, and what the real source of the payment received by Company B was.

Consequently:

- The registration information, as well as employee status, obtained from Jurisdiction X proved that Companies C, D and E in Jurisdiction X were all controlled by Company A in China.

- The annual tax returns of the companies in Jurisdiction X indicated that there was no substantial business activity taking place with Companies C, D and E in Jurisdiction X.
- The bank account statements of Companies C, D and E indicated that Companies D and E had transferred the fund received from Company A in China to Company C in Jurisdiction X.

The timely response provided by Jurisdiction X helped Chinese auditors verify that Company A had fabricated the service transactions and manipulated a close-loop cash transfer through its affiliated companies both at home and abroad.

Company A acted as the centre of the entire tax fraud scheme. By fabricating transactions with Companies D and E, Company A transferred funds to Jurisdiction X and organised the purchase of goods exported by Company B as a zero-rated transaction. By setting up a transaction link with Company B, the export price was inflated to obtain more export tax rebates.

The conclusion of the audit determined that the taxpayer under investigation committed tax fraud for VAT refunds. According to the Law of Administration on Tax Collection, the tax authorities recouped EUR 2.16 million (RMB 16.67 million) of refunded tax.

Source: State Taxation Administration, People's Republic of China.



6

Collaborative ventures to support Asia

The collaboration between the Global Forum and its regional and global partners is a long standing one, which has been successful for many years, as it is paramount in addressing the wide range of challenges Asian countries have been facing in their efforts to improve tax systems and ultimately mobilise domestic revenue. By pooling resources, expertise, and networks in a regional landscape, the collective efforts have for another year amplified the impact of the actions taken to help Asian members foster transparency, combat tax evasion, and promote tax transparency.

Collaborative ventures to support Asia

Thanks to diverse perspectives, specialised knowledge and means of leverage available, Asia has benefited from refined support. With no doubt that continuing to expand the synergies between the Asia Initiative and its partners is instrumental in advancing global tax transparency, the Asia Initiative will continue to maintain an effective interaction with its five technical partners to bring Asia further.

財務省

Ministry of Finance, JAPAN

- **Japan:** during the Global Forum Plenary meeting held in Seville in November 2022, Japan announced a financial contribution to support the Asia Initiative capacity-building work for 2023, and the contribution is continuing into 2024. This generous contribution is essential to ensure that the level of support provided meet the increasing needs of developing economies in the region. In addition, Japan continues to share its expertise and experience with other Asian members and to provide experts on specific events.



- **Asian Development Bank (ADB):** ADB is committed to achieving a prosperous, inclusive, resilient and sustainable environment in the Asia and Pacific regions, while sustaining the efforts to eradicate extreme poverty. DRM and international tax co-operation are key strategic priorities for ADB, leading up to the launch of the Asia Pacific Tax Hub in May 2021. Supporting the launch of an Initiative for Asia as announced by the Minister of Finance of Indonesia at the 2022 Global Forum Plenary Meeting, ADB's participation in the Asia Initiative is aligned with its key priority as it raises awareness and promote effective implementation of the international tax transparency standards, while enhancing regional co-operation to address tax evasion and other IFFs, and to mobilise resources for development and sustainable growth in Asia. ADB is greatly involved in training events offered to Asia Initiative's members and is instrumental in reaching out to Asian countries which are not yet taking advantage of the global enhanced tax cooperation.

The collaboration also extends to Global Forum's Induction Programmes for Asian members. In 2023, three events were organised with ADB, and a total of six Asian Global Forum members benefited from a coordinated approach between the Secretariat and ADB. The collaboration also extended during the High-Level Conference of the Asia Pacific Tax Hub which was hosted in Manila, Philippines, where the Global Forum Secretariat delivered a presentation on AEOI.

"The Asian Development Bank underscores tax transparency as vital for enhancing domestic revenues and curbing illicit financial flows in the Asia-Pacific region. Our collaboration with the Global Forum has borne fruit, with more developing member countries participating in global and regional tax transparency efforts. We hope our partnership inspires others to join in advancing tax transparency for sustainable development."

Masatsugu Asakawa, President of the Asian Development Bank



- **Commonwealth Association of Tax Administrators (CATA):** CATA comprises of seven Asian countries, among which six Global Forum members. Through promotion of dialogue and co-operation among its members, it helps them strengthen their tax authorities, enhance compliance efforts, and combat tax evasion and avoidance.



- **International Finance Corporation (IFC):** IFC is a partner of the Asia Initiative. This partnership makes particular sense as IFC plays a crucial role in promoting tax integrity through its multifaceted approach to fostering sustainable development and responsible investment, including in Asia.



- **Study Group on Asian-Pacific Tax Administration and Research (SGATAR):** SGATAR became the first partner of the Asia Initiative few months after its launch. It reinforces the Global Forum’s work by encouraging its members to participate in tax transparency. It also collaborates with the Global Forum through technical engagements on tax transparency and EOI. In this regard, the Global Forum is an observer to the SGATAR Task Force and was invited to the SGATAR annual meeting to deliver a presentation on the use of CRS data.



“Over the past years, the Global Forum and the Study Group on Tax Administrations and Research (SGATAR) have strengthened their relationship, particularly through active participation in our respective events, including trainings. This strengthened collaboration serves as a catalyst for bolstering partnerships and fostering a more dynamic landscape for capacity-building activities across the Asian region.

Exchange of information is a powerful tool to address tax evasion. Co-operation towards realising the full potential of this tool is an important objective of SGATAR. SGATAR sees its partnership to the Asia Initiative as a strong mean to enhance collaboration among partners on tax transparency and to strengthen the capacity building offered to our respective members.”

Dr Kulaya Tantitemi, Chair of SGATAR, Director-General of the Revenue Department of Thailand



WORLD BANK GROUP

- **World Bank (WB):** Since 2011, the Global Forum and the WB have worked together in the fight against IFFs and in supporting DRM efforts. The WB and the Global Forum continued to work together in 2023 providing joint technical assistance in relevant EOI areas.

With the support of its partners and of the donors of the Global Forum (see Annex B), the Asia Initiative is equipped to support the technical assistance needs of the region to efficiently advance tax transparency.

7

A glimpse ahead

Over the next years, the Asia Initiative will continue to raise awareness among Asian countries, which are not Global Forum members, or that have not yet joined the Asia Initiative. Concrete actions will be carried out to expand the political buy-in and adherence to the Bali Declaration as a strong signal of the region's determination to advance tax transparency as a tool for combating tax evasion and other IFFs and sustaining the recovery through the mobilisation of domestic resources. The momentum should be retained, and the observers should be accompanied and integrated to the widest extent possible to the tax transparency work conducted in the context of the Asia Initiative. The Co-Chairs, Asian members, partners, alongside the Secretariat, will act in concert towards engaging with both Asian Global Forum members that have not yet joined the Bali Declaration and non-members of the Global Forum, whether observers or not, and encourage them to join the tax transparency agenda through the Global Forum and the Asia Initiative.

The Initiative will also continue to support the region's efforts to fight tax evasion and mobilise domestic revenue. Building on the tangible results brought by the implementation of a comprehensive and impactful capacity-building work plan designed by Asian members to address their specific needs and challenges, the Initiative will continue to support the implementation and the effective use of the tax transparency standards, as well as other forms of administrative co-operation.

Technical assistance will be provided to Asian members to prepare for their peer reviews and to address any gaps identified in this context. On the EOIR front, eight Asian members which have not yet undergone a complete second round of review need to be accompanied to address in advance any potential deficiencies on either legal or practical sides. In addition, a special attention will be given to the 10 out of 14 Asian members which have received non-satisfactory rating to help them address the recommendations they have received. The enhanced monitoring procedure, which will be launched in 2025, will also require deployment of assistance to ensure that progress continues on EOIR implementation by the 12 Asian members which were reviewed between 2017 and 2020.

On the AEOI front, bilateral support will continue to be provided as required to the 12 Asian members subject to the second round of AEOI effectiveness reviews, which will be concluded by 2025, as well as to the 6 other Asian members subject to the initial AEOI reviews in the coming years. In addition, the Secretariat will continue to support Asian members interested in implementing the AEOI standard, including on establishing an appropriate ISM framework.

Moreover, developing knowledge and skills will remain critical priorities for the Asia Initiative. This includes enhancing and updating knowledge tools and delivering intensive training for tax officials on critical areas of tax transparency standards implementation, such as beneficial ownership and the use of EOI tools in complex scenarios. Flagship programmes, such as Train the Trainer and Women Leaders in Tax Transparency, will remain central to ensure that sustainable training resources are developed locally, and that gender unbalances are addressed for an inclusive contribution in the tax transparency agenda.

Finally, the Asia Initiative will deliver on the agreed complementary actions. The Working Group will serve as a platform for discussion among the participants to share best practices and to find practical solutions to issues faced by them in the effective use of CRS data. The issue of EOI for VAT/GST purposes will be discussed by interested Asia Initiative members. Sharing-experience events and training will also be organised for interested Asia Initiative members on various topics, such as wider use, cross-border assistance in tax collection and other advanced forms of EOI.

Collaboration with development and technical partners has proven crucial for implementing tax transparency standards in Asia, creating effective synergies that have been pivotal in building political support and meeting the growing demand for capacity building and assistance across the region. Moving forward, it is essential to continue strengthening these synergies and exploring new collaborative opportunities to further advance the region's development.

These priorities aim not only to bolster the infrastructure and capabilities within Asia for handling tax transparency and EOI but also to cultivate a more robust and co-operative tax environment across international borders.



Snapshot of Asian members' progress on tax transparency

| Jurisdiction | Membership | Asia initiative member | Technical assistance programme available | Implementation of EOIR standard | |
|-------------------------------------|------------|------------------------|--|---------------------------------|---|
| | | | | 1 st round | 2 nd round |
| Armenia | 2015 | Member | Member | — | Scheduled Q3 2021 |
| Azerbaijan | 2013 | Non member | Non member | LC in 2016 | Scheduled Q3 2023 |
| Brunei Darussalam | 2010 | Member | Member | LC in 2016 | LC in 2020 |
| Cambodia | 2017 | Non member | Induction programme | — | Scheduled Q4 2023 |
| China (People's Republic of) | 2009 | Member | Member | C in 2012 | LC in 2020 |
| Georgia | 2011 | Non member | Member | LC in 2016 | Scheduled in Q1 2023 |
| Hong Kong (China) | 2009 | Member | Member | LC in 2013 | LC in 2018 |
| India | 2009 | Member | Member | C in 2013 | LC in 2017 |
| Indonesia | 2009 | Member | Member | PC in 2011 | LC in 2018 |
| Japan | 2009 | Member | Member | C in 2011 | LC in 2018 |
| Kazakhstan | 2012 | Member | Member | — | PC in 2018 |
| Korea | 2009 | Member | Member | C in 2012 | LC in 2020 |
| Macau (China) | 2009 | Member | Member | LC in 2013 | LC in 2020 |
| Malaysia | 2009 | Member | A la carte | LC in 2014 | LC in 2019 |
| Maldives | 2016 | Member | Induction programme | — | Review launched in 2022 (phase 1) and phase2 scheduled in Q4 2025 |
| Mongolia | 2018 | Member | Induction programme | — | Scheduled for Q2 2023 |
| Pakistan | 2012 | Member | A la carte | LC in 2016 | LC in 2023 |
| Philippines | 2009 | Member | A la carte | LC in 2013 | LC in 2018 |
| Singapore | 2009 | Member | A la carte | LC in 2013 | C in 2018 |
| Thailand | 2017 | Member | Induction programme | — | LC in 2023 |
| Uzbekistan | 2022 | Non member | Induction programme | — | Scheduled Q3 2025 |
| Viet Nam | 2020 | Non member | Induction programme | — | Scheduled Q2 2024 |

Snapshot of Asian members' progress on tax transparency

| EOI network and MAAC status Very narrow < 10 Narrow < 50 Wide < 100 Very wide > 100 | AEOI standard | | | |
|---|---|----------------------------|---------------------------------------|---------------------------|
| | Confidentiality and data safeguards framework | AEOI commitment | Implementation of the legal framework | Effectiveness in practice |
| Very wide MAAC in force since 2020 | Technical assistance | Commitment to AEOI in 2025 | — | — |
| Very wide MAAC in force since 2015 | Reciprocal exchange | First exchange in 2018 | In place but needs improvement | On Track |
| Very wide MAAC in force since 2019 | Non-Reciprocal exchange | First exchange in 2018 | In place | Partially Compliant |
| Very narrow MAAC not signed | — | — | — | — |
| Very wide MAAC in force since 2016 | Reciprocal exchange | First exchange in 2018 | In place | On Track |
| Very wide MAAC in force since 2011 | Reciprocal exchange | Commitment to AEOI in 2024 | — | — |
| Very wide MAAC in force since 2018 | Reciprocal exchange | First exchange in 2018 | In place | On Track |
| Very wide MAAC in force since 2012 | Reciprocal exchange | First exchange in 2017 | In place | On Track |
| Very wide MAAC in force since 2015 | Reciprocal exchange | First exchange in 2018 | In place | On Track |
| Very wide MAAC in force since 2013 | Reciprocal exchange | First exchange in 2018 | In place but needs improvement | On Track |
| Very wide MAAC in force since 2015 | Reciprocal exchange | First exchange in 2021 | — | — |
| Very wide MAAC in force since 2012 | Reciprocal exchange | First exchange in 2017 | In place | On Track |
| Very wide MAAC in force since 2018 | Non-Reciprocal exchange | First exchange in 2018 | In place | On Track |
| Very wide MAAC in force since 2017 | Reciprocal exchange | First exchange in 2018 | In place | On Track |
| Very wide MAAC in force since 2022 | Reciprocal exchange | First exchange in 2022 | — | — |
| Very wide MAAC in force since 2020 | Technical assistance | Commitment to AEOI in 2026 | — | — |
| Very wide MAAC in force since 2017 | Reciprocal exchange | First exchange in 2018 | In place | Partially Compliant |
| Narrow MAAC signed but not in force | — | — | — | — |
| Very wide MAAC in force since 2016 | Reciprocal exchange | First exchange in 2018 | In place | On Track |
| Very wide MAAC in force since 2022 | Reciprocal exchange | First exchange in 2023 | — | — |
| Wide MAAC not signed | Technical assistance | — | — | — |
| Very wide MAAC in force since 2023 | — | — | — | — |

Annex A

Bali Declaration

A CALL TO ENHANCE THE USE OF TAX TRANSPARENCY FOR A SUSTAINABLE MOBILISATION OF DOMESTIC RESOURCES

We, the undersigned Ministers of Asian members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum),

Recognising that the world has gone through an unprecedented crisis resulting from the COVID-19 pandemic which has put a spotlight on equity challenges that existed well before the pandemic and hence intensified the public perception that tax evasion and other illicit financial flows are no longer acceptable;

Acknowledging that tax evasion and other illicit financial flows continue to plague governments worldwide and to hinder the financing of public goods and services as well as the sustainable and fair development;

Recalling the commitment of the Addis Ababa Action Agenda to redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion through strengthened national regulation and by scaling up international tax co-operation, including to support access to beneficial ownership information for competent authorities and progressively advance towards automatic exchange of tax information among tax authorities as appropriate;

Reaffirming the importance of strengthening domestic tax policy and administration for the benefit of the citizens by supplying governments with much needed resources and instruments for pursuing their respective development goals and sustaining economic growth to achieve the Sustainable Development Goals;

Emphasising the unprecedented efforts made by the international community to improve transparency and exchange of information for tax purposes through the internationally agreed standards of the Global Forum (tax transparency standards) which are a prerequisite for effectively tackling tax evasion and other illicit financial flows;

Recognising that the Convention on Mutual Administrative Assistance in Tax Matters is the most comprehensive multilateral instrument available for administrative co-operation offering a wide range of possibilities for mutual assistance;

Underlining that regional initiatives on tax transparency have demonstrated their efficiency in promoting and advancing the tax transparency agenda locally taking into account the specific circumstances and needs of the jurisdictions in those regions; and Stressing that these initiatives create an invaluable regional dynamic and bring concrete and measurable progress while allowing their members to adopt flexible approaches to meet the tax transparency standards and the development goals;

Noting that participation of the Asian region needs improvement in implementing the tax transparency standards, while Acknowledging that for Asian jurisdictions to benefit from these standards, raising awareness, building knowledge and skills, and supporting the implementation and effective use of the tax transparency standards are critical;

We, the undersigned Ministers of Asian members of the Global Forum, declare that:

1. We reaffirm the important role of the Global Forum in bringing about tax transparency and in assisting jurisdictions, in particular developing jurisdictions, in the implementation of the tax transparency standards and the use of the administrative co-operation instruments in their domestic resource mobilisation strategy.
2. We reiterate our commitment to fully and effectively implement the internationally agreed tax transparency standards of the Global Forum (tax transparency standards);
3. We welcome and join the Global Forum's Asia Initiative to facilitate the implementation of the tax transparency standards, maximise their effective use to tackle tax evasion and other illicit financial flows, and increase tax co-operation among Asian members;
4. We encourage Asian jurisdictions to join the Global Forum and its Asia Initiative, and to become party to the Convention on Mutual Administrative Assistance in Tax Matters to rapidly implement and fully benefit from tax transparency standards to support the fairness of their tax system and their domestic resource mobilisation strategy;

5. We invite all global and regional development partners and technical partners to participate and contribute in the Asia Initiative and its capacity-building activities to promote tax transparency and support effective use of administrative cooperation instruments;
6. We resolve to lead by example in effectively using the powerful global infrastructure which has been built in the past decade and to continuously improve our co-operation, both at the global and regional levels;
7. We commit to explore the full range of possibilities for co-operation provided by the Convention on Mutual Administrative Assistance in Tax Matters, including, where relevant, through enhanced co-operation between interested Asia Initiative members.

Annex B

Donors of the Global Forum

Since 2011, the Global Forum has delivered a capacity-building programme to support the implementation and effective use of the two global standards on transparency and exchange of information by its developing members. Our activities are empowering jurisdictions in their fight against tax evasion and other illicit financial flows, and ultimately helping them increase their domestic resource mobilisation.

Our capacity-building programme has developed and expanded over the years. Today, more than half of the Global Forum members are developing countries. The programme aims to ensure that developing jurisdictions are not left behind, and fully

benefit from the remarkable progress achieved in transparency and administrative co-operation in the past decade.

Through awareness raising at political level, training of thousands of officials, the development of tools (e.g. toolkits, e-learning) and high-standard technical assistance, the dynamic of change is progressing and more developing jurisdictions are reaping the benefits of a more transparent tax world.

The delivery of the Global Forum's capacity-building programme is only made possible thanks to the financial support and the trust of our donor partners.

Financial contributions provided by:



European Union



France



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Japan



Netherlands



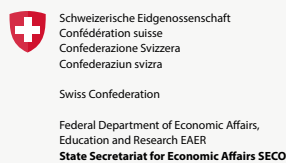
Norway



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BETTER POLICIES FOR BETTER LIVES

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