

Brussels, 15 September 2014

G20 Finance Ministers

c/o Senator the Hon Mathias Cormann
Minister for Finance, Department of Finance
John Gorton Building, King Edward Terrace
Parkes Act 2600, Australia

E-mail: financeminister@finance.gov.au

***Subject: G20 Finance Ministers Meeting of 20-21 September
Automatic Exchange of Information***

Dear Minister,

The European banking sector would like to reiterate its full support to the G20 Governments' aim of combating international tax evasion for which the OECD has developed a "Common Reporting Standard" (hereafter the "CRS") in order to promote an international standard for "Automatic Exchange of Financial Account Information" (AEOI). The G20 Finance Ministers are due to endorse this standard at their next meeting on 20-21 September.

The European Banking Federation (EBF) has been participating as far as possible in the consultation process conducted by the OECD on the CRS and its Commentaries. Given the very challenging timetable of this consultation process, a number of issues are still outstanding. The EBF calls for the immediate setting-up of an on-going OECD review process of the CRS Commentaries with which the industry would be closely associated and which could address pending issues.

Throughout the consultation process, the EBF has emphasized a number of key challenges consisting of:

- Ensuring a proportionate, practicable and sustainable regime. In this respect, it is crucial that the CRS strikes a pragmatic and reasonable balance between the G20's policy objective and the practicability of requirements imposed on financial institutions and tax authorities. In the absence of *de minimis* thresholds and given that as it stands the CRS will create multiple reporting requirements, the EBF considers that CRS due diligence requirements lack proportionality. A revision of some of these requirements should be envisaged in order to ensure more proportionality, for instance the reinstatement of thresholds in order to exclude low value accounts thereby limiting the number of requests for information from the general public and the consequential costs for Financial

Institutions for customers that present a low-risk of tax evasion. This approach would also have the benefit of a more targeted and cost effective regime for tax authorities.

- Carefully analysing all legal and constitutional implications, including privacy issues. It is also vital that the new regime is compatible with the data protection rules of all participating countries and that a level playing field is ensured between market operators. The adoption in due time of appropriate domestic legislation ensuring effective protection of the data exchanged is of the utmost importance.
- Ensuring one single, consistent and coherent AEOI framework in all its components. In the EU, this requires a full alignment of the EU legislation, so as to avoid multiple, overlapping obligations, which could distort intra and extra EU competition and international business. Consistency across all jurisdictions is essential since any fragmentation would significantly increase costs for tax authorities and financial institutions. In addition, the EBF believes that consistency among jurisdictions should also include consistency with respect to timing and therefore has always been in favour of the adoption of a common start date.
- Aligning the CRS and the implementation of the OECD's Treaty Relief and Compliance Enhancement (TRACE) package which provides for at-source tax relief and simplified procedures for governments to ensure the tax relief claims are appropriate. Significant efficiencies could be achieved for both business and governments by such synergy.

The implementation timetable must be achievable for governments, tax authorities, financial institutions and external data providers. Governments and tax authorities in all participating jurisdictions must adopt realistic implementation timetables that acknowledge the time necessary for governments to pass implementing legislation and provide guidance as well as the necessary lead-time for complex and global Financial Institutions to comply. Our experience with FATCA indeed shows that the resources that Governments must themselves dedicate to the AEOI projects should not be under-estimated.

Yours sincerely,



Wim Mijs

Cc: Gabriela Ramos, OECD Chief of Staff and Sherpa to the G20 (gabriela.ramos@oecd.org)
G20 Taskforce, Department of the Prime Minister and Cabinet (G20info@pmc.gov.au)