

Automatic Exchange of Information

October 10, 2019

Source: *OECD & The Economic Times*

Key highlights about recent exchange

- **Recently India has got the first set of Swiss bank account details of its nationals under a new automatic information exchange pact**
- India is among 75 countries with which Switzerland's Federal Tax Administration (FTA) has exchanged information on financial accounts within the framework of global standards on AEOI.
- **This is the first time that India has received details from Swiss authorities** under the AEOI framework, which provides for exchange of information on financial accounts, currently active as well as those accounts that were closed during 2018, the year in which the framework agreement became effective.
- However, the AEOI only relates to accounts that are officially in the name of Indians and they might include those used for business and other genuine purposes.
- The exchanged details include identification, account and financial information. These include name, address, state of residence and tax identification number, as well as information concerning the financial institution, account balance, and capital income.
- Switzerland agreed to AEOI with India after a long process, including a review of the necessary legal framework in India on data protection and confidentiality.

What is the AEOI? & Who developed It?

- The automatic exchange of information is understood to

involve the **systematic and periodic transmission of “bulk” taxpayer information by the source country to the residence country** concerning various categories of income (e.g. dividends, interest, royalties, salaries, pensions, etc.)

- **In 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard) was developed by the OECD, working with G20 countries,** and subsequently endorsed by the **Global Forum.**
- The new global standard on the Automatic Exchange of Information (AEOI) reduces the possibility for tax evasion. It provides for the exchange of non-resident financial account information with the tax authorities in the account holders’ country of residence. Participating jurisdictions that implement AEOI send and receive pre-agreed information each year, without having to send a specific request.
- The Global Forum of the Organisation for Economic Cooperation and Development reviews the AEOI implementation.