Tax - Breaking News

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Consistent with our commitment to keep you updated on most significant international tax developments, we inform you regarding the recent public consultation request issued by the OECD with respect to the adoption of anti-avoidance rules concerning the cross-border Automatic Exchange of Information for Financial Accounts.

Introductory comments

— In an effort to combat tax avoidance and evasion through offshore financial investments, the Organization for Economic Cooperation and Development (OECD) recently introduced the Common Reporting Standard (CRS) as the new common global standard for an effective cross-border Automatic Exchange of Financial Account Information, on a bilateral basis.

— In this context, over 2 000 bilateral agreements are already in place, with Greece being among the jurisdictions that have also already adopted and integrated the CRS into domestic law.

— The key feature that ensures the success of CRS is the uniform adoption by all stakeholders of a set of minimum standard rules for the exchange of information of financial accounts and the implementation of common due diligence processes and specific procedures for the collection, transmission and storage of such information.

OECD seeks input on new tax rules requiring disclosure of CRS avoidance arrangements and offshore structures

— On 11 December 2017, the OECD issued a discussion draft for public consultation focusing on mandatory disclosure rules for addressing CRS avoidance arrangements and offshore structures.

— The consultation period has been set from 11 December 2017 to 15 January 2018.

— The intention is to discuss possible ways to address arrangements that aim to circumvent reporting obligations under the CRS, or hide beneficial owners behind non-transparent structures, both entailing the avoidance of disclosing information on financial accounts and assets to the tax authorities.

— It is suggested that the related discussions should be carried out with regard to the “*model mandatory disclosure rules*” concerning avoidance arrangements addressed in Action 12 of the Base Erosion and Profit Shifting (BEPS) OECD project.

KPMG comments

— At the peak of coordinated initiatives undertaken concurrently by the OECD, G20 and G7 to limit infringement of taxing rights by countries, the strengthening of cross-border cooperation between administrative authorities on the basis of automatic information exchange and the adoption of rules specifically designed to eliminate tax avoidance and evasion practices, seem to be the cornerstones towards achieving the desired uniformity of domestic tax rules at a global level to effectively combat tax avoidance and evasion.

— In view of the above, business decision makers should at least be aware of the minimum aspects governing such turning point in regulations as articulated by BEPS (e.g. stricter Transfer Pricing rules, Country by Country Reporting etc.) in conjunction with the CRS and the Foreign Account Tax Compliance Act (FATCA), so that they can effectively ensure that their businesses comply with such new international tax regulatory framework and eliminate any relevant risk exposure.

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