

Explanatory Notes

Multilateral Competent Authority Agreement (“MCAA”)

The MCAA is a multilateral framework agreement that provides a standardised and efficient mechanism to facilitate the automatic exchange of information. It avoids the need for agreements to be concluded on a bilateral basis. Its design as a framework agreement means the MCAA always ensures each signatory has ultimate control over exactly which exchange relationships it enters into and that each signatory’s standards on confidentiality, data protection and appropriate use of information always apply.

Automatic Exchange of Information (“AEOI”)

AEOI entails systematic and regular (such as annual) transmission of taxpayer information.

Standard for Automatic Exchange of Financial Account Information (also known as the Common Reporting Standard (“CRS”))

The CRS is an internationally agreed standard for the automatic exchange of financial account information, endorsed by OECD and the Global Forum for Transparency and Exchange of Information for Tax Purposes (“GF”). The CRS sets out the financial account information to be exchanged, the financial institutions (“FIs”) required to report, the different types of accounts and taxpayers covered, as well as the customer due diligence procedures to be followed by FIs.

Crypto-Asset Reporting Framework (CARF)

The CARF provides for the automatic exchange of tax relevant-information on crypto-assets and was developed to address the rapid growth of the crypto-asset market and to ensure that recent gains in global tax transparency are not gradually eroded. The Rules and Commentary of the CARF have been designed around four key building blocks: i) the scope of Crypto-Assets to be covered; ii) the Entities and individuals subject to data collection and reporting requirements; iii) the transactions subject to reporting as well as the information to be reported in respect of such transactions; and iv) the due diligence procedures to identify Crypto-Asset Users and the relevant tax jurisdictions for reporting and exchange purposes.

Amendments to the CRS

The CRS was amended to bring certain electronic money products and Central Bank Digital Currencies in scope. Changes have also been made to ensure that indirect investments in Crypto-Assets through derivatives and investment vehicles are now covered by the CRS. In addition, amendments have been made to strengthen the due diligence and reporting requirements (including requiring the reporting of the role of each Controlling Person) and to foresee a carve-out for genuine non-profit organisations.