

## Tax transparency: what you need to know

Below, you will find key information about Monaco's commitment to the automatic exchange of tax financial data.

### Timeline

- Monaco has confirmed its commitment to implementing automatic exchange of tax financial data for non-resident individuals and entities in 2018, in accordance with the OECD Common Reporting Standard (CRS).
- Monaco signed the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) on 13 October 2014.
- Monaco signed the Multilateral Competent Authority Agreement (MCAA), which sets out the implementation arrangements for the MAC, on 15 December 2015.
- Monaco and the European Union initialled an agreement to implement the OECD standard with EU Member States on 22 February 2016.
- The initialled text, reflecting minor adjustments requested by the European Council, was finalised on 10 May 2016 and approved by Monaco on 17 May 2016.
- The agreement is expected to be signed in Brussels on 12 July 2016, following formal approval by the European Union.
- The National Council needs to pass a bill to ratify these three texts – the OECD's MAC and MCAA and the EU agreement – since they can only be implemented via a change in the law.
- A dedicated information system and a procedure approved by the CCIN (Monaco's data protection regulator) need to be established for automatic exchange purposes.
- Monaco has decided to request assistance from a specialist service provider to ensure that the necessary work is carried out in a timely manner.

## Implementation of automatic exchange in Monaco for 2018

The Global Forum has established the Common Reporting Standard (CRS) – a mechanism for automatic exchange of financial account information in tax matters.

States signatory to the CRS agree to an annual exchange of financial account information, including balances, interest, dividends and income from the sale of financial assets in relation to accounts held by non-resident individuals and entities, as reported to the government by financial institutions.

It indicates the account details that must be declared, the different types of account and taxpayers covered, and the due diligence procedures that financial institutions are required to follow.

The CRS is based on three key principles:

1. access to information
2. communication of information by financial institutions
3. secure and confidential automatic exchange of information with parties signatory to an information exchange agreement.

In order to engage in automatic exchange of information, countries need to establish appropriate formats and operational processes and a legal framework permitting such exchanges, such as a bilateral or multilateral treaty or, in the case of the EU, a Directive.

In an effort to involve as many partner countries as possible, the OECD has created the Multilateral Competent Authority Agreement (MCAA) – a formal instrument designed to initiate automatic exchange of information between partner countries. Monaco signed the MCAA on 15 December 2015. The agreement indicates what information will be exchanged and when, reflecting the procedures set out in the CRS.

The Agreement as resulting from the Amending Protocol, initialled by Monaco and the European Union on 22 February 2016, also complies with the OECD's CRS.

The Principality will therefore take the necessary steps to implement automatic exchange before 2018, based on the agreements with the OECD and the European Union.