

## **The Automatic Exchange of Information (AEOI), a tax reporting obligation that entered into force from January 1<sup>st</sup>, 2016**

### **Goal and legal framework of the AEOI**

The Automatic Exchange of financial account Information in tax matters (AEOI) is an OECD initiative aiming at fighting offshore tax evasion. The AEOI is implemented through the signature of a multilateral Competent Authority Agreement (mCAA) between participating countries. In the European Union, the AEOI is implemented through the Directive on Administrative Cooperation (DAC 2) which makes the exchange of information mandatory for all European Union member states.

Any Jurisdiction can participate to the AEOI on a voluntary basis. As of August 2017, 102 Jurisdictions have joined or declared they intend to join the AEOI, including all European Union countries. When joining the AEOI, jurisdictions announced the date of entry into force of the AEOI in their Jurisdiction and the date of their first reporting:

- In 49 countries (European Union countries, Norway, Korea ...), the AEOI entered into force on January 1<sup>st</sup>, 2016 for a first reporting in 2017.
- In 53 other countries (Canada, Australia, China, Russia, Switzerland, Hong Kong, Singapore...), the AEOI entered into force on January 1<sup>st</sup>, 2017 for a first reporting in 2018.

This framework applies to **all accounts maintained in an AEOI Participating Jurisdiction. The AEOI requires Financial Institutions to identify account holders to establish in which jurisdiction(s) they are tax resident.** If they are tax resident in any foreign AEOI jurisdiction, they are be reported to the Tax Authority of the country where the account is maintained that transmits this reporting to the Tax Authority of the account holder's tax residence country.

### **Compliance of BNP Paribas with AEOI obligations**

Compliance with the AEOI needs to be enforced by each Participating country under its local legislation.

BNP Paribas is committed to fighting tax evasion and is naturally compliant with the AEOI in all AEOI Participating countries where the Group is present, in line with the local regulatory timeframe.

## **Consequences of the AEOI for Clients**

**Existing clients:** in AEOI Participating Jurisdictions, BNP Paribas contacts its existing clients (individuals and entities) when their file contains an address or other indicia indicating they may be Tax resident in any other AEOI Participating country. BNP Paribas also contacts patrimonial entities for which Controlling Persons must be identified to determine whether they are Tax Resident in a Participating country.

**New clients:** in AEOI Participating Jurisdictions, BNP Paribas collects a self-certification during the on-boarding process allowing identifying account holders who are Tax Resident in another AEOI Participating Jurisdiction. Patrimonial entities also have to declare the Tax Residence of their Controlling Persons.

## **Reporting**

If a client holds an account in an AEOI country while being Tax Resident in another AEOI Participating Jurisdiction, BNP Paribas is required to report the following information:

- Account balances
- Revenue from Financial Assets
- Gross proceeds from sales of Financial assets

This Reporting Requirement applies to Depository Accounts, Custodial Accounts, Cash Value Insurance Contracts, Annuity Contracts and Equity and debt interests in Financial Institutions (such as stakes in mutual funds).

**For more information (list of Participating Jurisdictions...), please refer to the OECD portal: <http://www.oecd.org/tax/automatic-exchange/>**