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Federal Ministry
of Finance



Ministero
dell'Economia
e delle Finanze



MINISTERIO
DE ECONOMÍA
Y COMPETITIVIDAD

14 April 2016

Dear colleagues,

The recent extensive leaks from Panama show the critical importance of the fight against tax evasion, aggressive tax planning and money laundering on which the G20 has led global action over the last few years.

In a very short period of time we have collectively agreed and are now in the process of implementing the Common Reporting Standard which will see automatic exchange of information between us on offshore accounts beginning in 2017 or 2018. With over 90 countries and jurisdictions now signed-up we are striking a major blow against the scourge of tax evasion. It is vital, therefore, that all those committed ensure effective and rapid implementation, and those still outside, including Panama as one of only a very few financial centres, rapidly make a clear commitment, and that we give a strong message on this in our communiqué this week.

As recent events have shown we need to take firm collective action on increasing beneficial ownership transparency, building on our actions to date. Criminals continue to find ways to exploit the cracks in the current system, setting up complex structures in various and often multiple locations to hide their activities, be it money laundering, tax evasion or illicit finance. As with tax evasion, this requires a global response.

On beneficial ownership, it is essential that all jurisdictions apply enhanced standards of transparency. In this spirit, we commit to establishing as soon as possible registers or other mechanisms requiring that beneficial owners of companies, trusts, foundations, shell companies and other relevant entities and arrangements are identified and available for tax administration and law enforcement authorities. We call on all other jurisdictions to do so.

In addition, as a first step we are launching a pilot initiative for automatic exchange of such information on beneficial ownership. This will give our tax and other relevant authorities full knowledge on vast amounts of information and help them track the complex offshore trails used by criminals.

The intention is that this will mirror the ground-breaking steps we have taken on tax evasion under the CRS. Automatic exchange of beneficial ownership information will, as with the CRS, be subject to the usual data and confidentiality protections and to any appropriate exceptions. We will look to ensure that this information is in a fully searchable format and that it also contains information on entities and arrangements closed during the relevant year.

Of course as with the CRS, to be fully effective such exchange should be on a global basis. We therefore hope that you will support this initiative at this week's meeting and that we can collectively call on the OECD, in cooperation with FATF, to draw up a new single global standard for such exchange. This should cover the robust identification of beneficial ownership, the range of entities and arrangements which should be covered by such exchange, timing of exchange and wider exchange procedures.

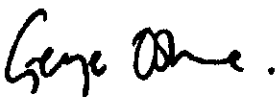
As a next step, we should also call for the development of a system of interlinked registries containing full benefit ownership information and mandate the OECD, in cooperation with FATF, to develop common international standards for these registries and their interlinking.

We intend to start this project as soon as is practicable. A schedule will be presented before our next meeting.

In our view, this new initiative will take a significant step forward in improving the transparency of beneficial ownership information and in removing the veil of secrecy under which criminals operate.

In this respect, the above-mentioned measures are part of a broader set of effective and ambitious initiatives which we are launching against tax fraud and tax evasion. In particular, we are willing to ensure the effective implementation of the exchange of information standards and to deal with non-cooperative jurisdictions on the basis of an international list and through defensive measures.

We are copying this letter to G20 Finance Minister colleagues.



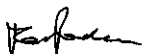
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Chancellor of the Exchequer



Dr. Wolfgang Schäuble
Federal Minister of Finance



Michel Sapin
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