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The UK banking association for the banking sector. The UK banking sector is diverse; there are more foreign banks (250) in the UK than in any other international centre. Banks located in the UK comprise the 4th largest banking sector in the world and hold more than 30 per cent of all banking assets in the European Union. The UK is an international financial centre for cross-border lending, with 18% of global activity, while 41% of

FATCA surfaced in 2009, the BBA at once recognised the significant risk to the global financial system of potentially 200 variants of FATCA. From that point we have championed a multilateral solution, on the basis that a single, consistent AEOI regime was preferable to unilateral action which would: significantly increase costs for tax authorities, Financial Institutions (FIs) and consumers of financial services; distort competition; and harm the efficacy of efforts to prevent tax evasion.

The BBA felt it could support a properly constructed, broadly adopted, consistently applied, and proportionate multilateral AEOI regime. We

Any legal uncertainty must be resolved without delay to prevent the early adopter tax administrations and FIs implementing costly processes, only to see them invalidated at a later stage and those authorities and institutions subject to litigation. We therefore suggest that a thorough legal analysis be undertaken with respect to their legal and constitutional frameworks, and specifically with respect to the legal framework. Additionally, or perhaps even alternatively, revision of certain requirements of the CRS could ameliorate concerns regarding proportionality, such as by reinstating the de minimis threshold in order to exclude low value accounts and target reporting towards real tax risk.

Business Requirements

The differences between the regimes mean that different and/or multiple processes to those under development for FATCA and IGA will be needed. The operationalisation of these varying requirements can have a major impact on cost and the time needed for FIs to build IT solutions. Business projects to implement tax and regulatory changes can also only really begin when participating countries publish their domestic legislation implementing the context of their agreements, guidance notes and reporting requirements. All are needed to ensure a coherent implementation for the FI, from systems build to training staff.

To get certainty, facilitate implementation and maximise the quality of data FIs need:

a) Certainty of requirements

- xConsistency across jurisdictions based on a single standard rather than a single minimum standard.
- xLegal certainty, and their CRS requirements enacted in domestic legislation as soon as possible

This is needed before

- xBudget process and approval (approximate months lead time)
- xBuild decisions can be made
- xDelivery (minimum 18 months lead time after budget agreed)

b) Sufficient time

- xTo develop a robust automated system design
- xFor adequate testing of the system within an FI to ensure it delivers the required data

3. Revised Article 26 Model UN Convention Exchange of Information

The BBA endorses the recommendations of the International Chamber of Commerce (ICC) with respect to the possible revision of Article 26 of the Model UN Convention specifically:

- x Currently the text of Article 26 provides that information received by the Receiving State shall be treated as confidential in the same manner as information obtained under the domestic laws of the Receiving State. Confidentiality of information is an issue; taxpayers need to be able to trust that information provided will remain confidential and will not be used for purposes other than for countering tax evasion. Countries may have different standards of treating information as secret, and some countries may not have adequate data protection laws in place. The issue could have a rippling effect where information is passed on to another jurisdiction which may not have adequate data protection laws. It is, therefore, recommended that rather than rely on the Receiving State's confidentiality, and access to information should be denied if such standards are not met.
- x Transparency in exchange of information should increase. For example, taxpayers should be