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Preventing tax evasion and fraud: the scope for automatic exchange of information is extended

The Council adopted a directive that will help the member states to clamp down on tax evasion and fraud by extending the scope for the automatic exchange of information ([14425/14](#), [15995/14](#) + [15995/14 ADD 1](#)).

The directive brings interest, dividends, gross proceeds from the sale of financial assets and other income, as well as account balances, within the scope of the automatic exchange of information. It accordingly revises directive 2011/16/EU on administrative cooperation in the field of direct taxation.

The dual aim is to prevent taxpayers from hiding capital abroad or assets on which tax is due, whilst also improving the efficiency of tax collection.

"The adoption of the revised directive on administrative cooperation is a crucial step forward in the fight against tax evasion," said Pier Carlo Padoan, minister of economy and finance of Italy and president of the Council. "It marks the end of banking secrecy in the European Union. We, EU member states, are leading by example in the international arena".

Member states will start exchanging information automatically under the revised directive for the first time by the end of September 2017, along with other OECD "earlier adopters". Austria announced that it will join the other member states in doing so by the same date, thereby not making full use of a derogation it obtained when political agreement was reached in October 2014.

In recent years, cross-border tax fraud and tax evasion have become a major focus of concern, both within the EU and at global level. Unreported and untaxed income is considerably reducing potential national tax revenues. An increase in the efficiency and effectiveness of tax collection is therefore urgently needed, and the automatic exchange of information constitutes an important instrument in this regard.

The Commission presented its proposal in June 2013. Work on the text proceeded in parallel to the development within the OECD of a single global standard for the automatic exchange of information. The OECD Council published the new global standard, the "common reporting standard", in July 2014. The new standard was endorsed by G20 finance ministers and central bank governors in Cairns on 20 and 21 September.

By adopting the revised directive, the EU underscores the importance of these developments by adapting its internal legislation as appropriate.