

EXCHANGE OF INFORMATION – EXPERIENCES FROM SLOVENIA AND CROATIA¹ (THE FIRST DRAFT)

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ABSTRACT

Globalization and cross-border movement of persons and capital have brought on new challenges before national tax systems as well as international taxation. In the past 20 years there has been an unprecedented development of the exchange of information, a previously auxiliary instrument which has developed into the widely accepted global means of fighting tax evasion.

The exchange of information has evolved from the instrument of limited scope used for the implementation of tax treaty provisions to the sophisticated system of automatic information exchange encompassing a vast majority of countries, including infamous tax havens. The notions of tax secrecy and tax transparency have therein undergone the reevaluation process resulting in new global paradigms directed to unveiling previously secret transactions. The banking secrecy has been abolished even in countries with the strong tradition thereof.

As some time has passed since the introduction of the latest global standard of automatic exchange of information, this paper reflects on its most important aspects of exchange of information, regulated by tax treaties, the OECD's CRS, EU's DAC and FATCA. Following the theoretical introduction, which provides historical and comparative overview of the information exchange instruments, the paper presents practical results of the implementation. Findings of evaluation of the instrument conducted by key international stakeholders are accompanied by available statistical information depicting how helpful it has been in preventing tax evasion in Slovenia and Croatia and recovering lost public revenues.

The paper results in identifying shortcomings of the national applications, based on best global practices and statistical data as well as providing tax authorities with recommendations for the improvement of exchanging information. As the system is still in rather early stage of implementation, the paper presents the current tax administration involvement in exchanging information, which will enable further evaluations in future stages of implementation of the instrument.

Keywords: exchange of information, tax evasion, Slovenia, Croatia

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