

Saint Vincent and the Grenadines

Overall findings

Overall determination on the legal framework: In Place But Needs Improvement

Saint Vincent and the Grenadines' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Saint Vincent and the Grenadines' international legal framework to exchange the information with all of Saint Vincent and the Grenadines Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has two main deficiencies significant to the proper functioning of elements of the AEOI Standard. These are, firstly, Saint Vincent and the Grenadines' legislative framework provides for jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements and secondly, there is a deficiency in the enforcement framework in place.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

Conclusions on the legal framework

General context

Saint Vincent and the Grenadines commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Saint Vincent and the Grenadines:

- enacted the Automatic Exchange of Information (Common reporting Standards) Act 2016; and
- introduced the Automatic Exchange of Information (Common reporting Standards) Regulations 2016.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 January 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Saint Vincent and the Grenadines is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

Detailed findings

The detailed findings for Saint Vincent and the Grenadines are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference (www.oecd.org/tax/transparency/documents/aeoi-terms-of-reference.pdf).

CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.

Determination: In Place But Needs Improvement
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Saint Vincent and the Grenadines' domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the framework to enforce the requirements (SR 1.4). More specifically, Saint Vincent and the Grenadines provides for jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements and there is a deficiency in the enforcement framework in place.

SR 1.1 Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Saint Vincent and the Grenadines has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, certain specific deficiencies have been identified, namely Saint Vincent and the Grenadines provides for two jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements. The scope of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

Recommendations:

Saint Vincent and the Grenadines should amend its domestic legislative framework to remove Friendly Societies from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements of the AEOI Standard such as in relation to the purpose of the deposits and the restrictions on the contributions and withdrawals.

Saint Vincent and the Grenadines should amend its domestic legislative framework to remove Non-Profit Organisations from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements in the AEOI Standard.

SR 1.2 Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Saint Vincent and the Grenadines has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

Recommendations:

No Recommendations made.

SR 1.3 Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Saint Vincent and the Grenadines has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary.

Recommendations:

No recommendations made.

SR 1.4 Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Saint Vincent and the Grenadines has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, a deficiency has been identified. Saint Vincent and the Grenadines' legislative framework does not include sanctions on Reporting Financial Institutions for failing to apply due diligence procedures in accordance with the AEOI Standard. This is a key element of the required enforcement framework and is therefore material to the proper functioning of the AEOI Standard.

Recommendations:

Saint Vincent and the Grenadines should amend its domestic legislative framework to include sanctions for failure to apply the due diligence and reporting procedures, rather than being limited to failures leading to incorrect reporting.

CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.

Determination: In Place

Saint Vincent and the Grenadines' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Saint Vincent and the Grenadines' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Saint Vincent and the Grenadines and that meet the required standard in relation to confidentiality and data safeguards). (SRs 2.1 – 2.3)

SR 2.1 Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Saint Vincent and the Grenadines has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

Recommendations:

No recommendations made.

SR 2.2 Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Saint Vincent and the Grenadines put in place its exchange agreements without undue delay.

Recommendations:

No recommendations made.

SR 2.3 Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Saint Vincent and the Grenadines' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

Recommendations:

No recommendations made.

Comments by the assessed jurisdiction

Saint Vincent and the Grenadines remains committed to ensuring that its legal framework for the implementation of the AEOI Standard is fully consistent with the requirements of the AEOI Terms of Reference.

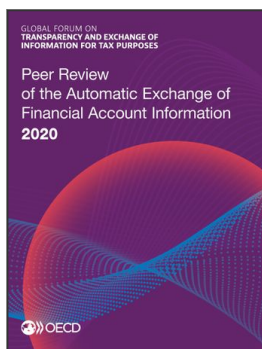
Saint Vincent and the Grenadines notes the recommendations made and will work towards meeting these recommendations.

At the same time, Saint Vincent and the Grenadines wishes to record by way of comment, one matter arising from its present assessment. While Saint Vincent and the Grenadines immediately sees the necessity of removing Non-Profit Organizations from its List of Non-Reporting Financial Institutions, the country is obliged to indicate its view that the recommendation with respect to Friendly Societies does not properly reflect the facts in our jurisdiction with respect to this type of financial entity. A Friendly Society is an indigenous community driven, alternative savings association, developed to address a particular need of rural communities in relation to the affordability of burial expenses. Though the narrow purpose of the Friendly Society is a financial benefit upon the occurrence of death, one other incidental purpose has evolved along the years, in the form of very small savings brought about by any contribution in excess of the required contribution, being returned to the member once annually.

The authorities in Saint Vincent and the Grenadines are unable to refute the conclusion that based on the technical requirements of the Standard for Automatic Exchange of Financial Account Information in Tax Matters, a Friendly Society under the law of Saint Vincent and the Grenadines is precluded from being classified as a Broad Participation Retirement Fund, or strictly captured under Sub-Paragraph B(5)(1)(c). However, in the country's specific context, the authorities in Saint Vincent and the Grenadines wish to underscore that Friendly Societies are an example of a financial entity which fulfils the technical requirements of the Standards of being a Reporting Institution, however, its operational basis for AEOI is nil or negligible and likewise its financial account information will invariably have nil or negligible value to the country's AEOI partners.

The jurisdiction suggests that it may be worthwhile to consider whether it should be given an opportunity to bring Friendly Societies more in line with the requirements of a Non-Reporting Financial Institution as a more apposite treatment of this particular entity, rather than incurring an administrative burden on this type of low risk entity and causing a deluge of information to the country's AEOI partners, which the authorities are confident would serve no useful or relevant purpose in tackling tax evasion and avoidance.

Saint Vincent and the Grenadines reiterates its commitment to being a responsible, co-operative and accountable tax jurisdiction, as has been demonstrated by measures taken, both legislative and administrative, over the past several years.



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