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DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS
COMMITTEE ON FISCAL AFFAIRS

DRAFT OECD COUNCIL RECOMMENDATION ON THE USE OF THE REVISED STANDARD OECD MAGNETIC FORMAT FOR AUTOMATIC EXCHANGE OF INFORMATION

(A Report by Working Party No. 8)

The attached note is submitted to the Committee on Fiscal Affairs at its meeting on 21-22 January 1997. The Committee is asked to approve it under the written procedure and to agree that it be passed to the Council with the Recommendation for Approval. If Delegates wish to have this item discussed at the Committee meeting, they should inform the Secretariat before 5th January.

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DRAFT OECD COUNCIL RECOMMENDATION ON THE USE OF THE REVISED STANDARD OECD MAGNETIC FORMAT FOR AUTOMATIC EXCHANGE OF INFORMATION

BACKGROUND

1.   The liberalisation of financial markets and the globalisation of national economies have increased the need for co-operation between tax authorities in order to combat international tax avoidance and evasion. To counter such activities, tax administrations are increasingly using the administrative assistance provisions in bilateral tax conventions and multilateral instruments.

2.   Article 26 of the OECD Model Convention on Income and Capital provides for the exchange of information between competent authorities of the contracting States. Exchanges of information may take different forms: on request, spontaneous or automatic. These bilateral exchanges can be supplemented by exchanges taking place under multilateral instruments such as the joint Council of Europe OECD Convention on Mutual Administrative Assistance in Tax Matters.

3.   Automatic exchange of information (systematic sending of a large volume of information concerning specified items of income) requires standardisation of formats in order to be efficient. The Committee on Fiscal Affairs designed a Standardised form for automatic exchange of information. and the Council adopted a Recommendation for its use by Member countries in 1981 [C(81)39(Final)]. Taking advantage of new technological developments the Committee designed a Standard Magnetic Format (SMF) for the exchange of tapes and diskettes and looked at the potential implications on taxpayers' rights. It concluded that the use of a magnetic media instead of paper would not raise any major issues on the protection of the confidentiality of information exchanged. The Council recommended the use of this Standard in 1992 [C(92)50/FINAL].

4.   Following the instructions of the Council, the Committee has been monitoring the implementation of the OECD Standard Magnetic Format. Member countries involved in automatic exchange of information have shared their experiences of using the OECD SMF in order to facilitate its implementation. These experiences have enabled countries to identify amendments to the OECD SMF which will improve even further the matching of information exchanged automatically with income reported by taxpayers. This new Standard will also assist the Committee in its work to convert the standard into an EDIFACT standard for Electronic Exchange of Tax Information. This EDIFACT standard is in the process of being finalised.

5.   Since these amendments may require modifications in the reporting system of third parties (such as employer and financial institutions) providing information to the tax authorities, the Committee identified the need for a new Recommendation from the Council of the OECD, which is attached.

RECOMMENDATION OF THE COUNCIL OF THE OECD
on the use of the revised Standard OECD Magnetic Format for Automatic Exchange of Information

THE COUNCIL

Having regard to Article 5(b) of the Convention for Economic Co-operation and Development of 14th December 1960;

Having regard to the Recommendations of the Council of 21st September 1977 concerning tax avoidance and evasion [C(77)149 (Final)];

Having regard to the Recommendation of the Council of 23 September 1980 concerning a standardised form for automatic exchanges of information under international tax agreements [C(81)39(Final)];

Having regard to the Recommendation of the Council of 23 July 1992 concerning an OECD Standard Magnetic Format for automatic exchanges of information under international tax agreements[C(92)50/(Final)];

Having regard to the Recommendation of the Council of ...1997 on the use of Tax Identification Numbers in an international context [C(97) (Final)];

Considering that most Conventions on Income and on Capital signed by Member countries follow Article 26 of the OECD Model Convention on Income and Capital referred to above in providing for co-operation between competent authorities of the Contracting States, in the form of exchanges of information necessary for carrying out the Convention or of their domestic laws concerning taxes covered by the convention;

Considering that the joint Council of Europe/OECD Convention on Mutual Administrative Assistance in Tax Matters came into force on 1 April 1995;

Considering that the Council instructed the Committee on Fiscal Affairs to keep under review the use of the 1992 OECD Standard Magnetic Format;

Considering that the experience with the OECD Standard Magnetic Format for automatic exchanges of information under international tax agreements has been positive and has enabled to identify the need for improvements in the Standard.

Considering that these improvements will facilitate the finalisation of the design of a new standard for electronic exchange of tax information;

I.   RECOMMENDS to the Governments of Member countries:

        To use the revised OECD Standard Magnetic Format in appendix hereto, which is an integral
        part of this Recommendation, when making automatic exchanges of information concerning
        income realised as of the tax year 1997 and the subsequent years .

II.   INSTRUCTS the Committee on Fiscal Affairs:

        To keep under review the use of such a Standard Format and to report back to the Council as
        appropriate.

III.   DECIDES to repeal the Recommendation of the Council [C(92)50/FINAL of 23 July 1992 for
        exchanges concerning tax years 1997 and following.

APPENDIX TO THE RECOMMENDATION

REVISED OECD STANDARD MAGNETIC FORMAT FOR AUTOMATIC EXCHANGE OF INFORMATION

Technical introduction

The revised OECD Standard Magnetic Format is an improved version of the 1992 Standard Magnetic Format.
The revised OECD Standard Magnetic Format includes the Standard for the:

1	Record lay out and two tables
2	An OECD Foreign Data Exchange Magnetic Media Specifications
3	Physical label attached to the magnetic media

1.   Record Lay out

The international standards (ISO codes) established by the International Organization for Standardization are used as codes for country names, currencies, dates , definition of characters used, file structure and labelling of the media. Two tables indicate the code for type of recipient and type of payer as well as the code for income.

The Record lay out includes 104 fields with filler fields at the end:

Fields 2 to 40 are allocated to the recipient Beneficial Owner,
Fields 41 to 55 are allocated to the recipient beneficial owner Agent or Intermediary
Fields 56 to 71 are allocated to the actual payer of the income
Fields 72 to 86 are allocated to the payer's agent or intermediary

For each series of fields the same pattern is followed to provide information on the Tax Identification Number, name, alias or other name and address.
Fields 87 to 100 are allocated to the income (tax year, date, type of payment, currency, gross and net amount, tax withheld, refund etc.).
Fields 101 and 102 are allocated to references
Fields 103 and 104 are allocated to fillers to provide additional information

For each field are provided the numbering of the field, the starting position of the field , its length, the data type: N= numeric, AN=alphanumeric, B=blank.

A user manual will be provided to give general guidance and country specifications.

Revised OECD Standard Magnetic Format Lay out

	Field Name	Start	Length	Data Type	Remarks
1	Data Type Indicator	1	1	N	0 - Repeat Data 1 - New Data 2 - Correction
2	Recipient Beneficial Owner Residence Country Code	2	2	A	ISO 3166 2 Alpha or Blank
3	Recipient Beneficial Owner Residence Country TIN	4	20	AN	Residence Country Tax Identification Number or Blank if data not available
4	Recipient Beneficial Owner Originating Country Code	24	2	A	ISO 3166 2 Alpha or Blank
5	Recipient Beneficial Owner Originating Country TIN	26	20	AN	Originating Country Tax Identification Number or Blank if data not available
6	Recipient Beneficial Owner OECD Recipient Type	46	2	AN	See Table 1.
7	Recipient Beneficial Owner Date of Birth	48	8	AN	ISO 8601: CCYYMMDD or CCYYMM or CCYY or Blank if unknown
8	Recipient Beneficial Owner Name Format Type	56	1	N	0 - Fixed 1 - Free If Free, all available name details will be given as a left justified string in bytes 57 through 266.
9	Recipient Beneficial Owner Keyname	57	70	AN	Keyname is the family name for individuals and the business name for legal entities.

10	Recipient Beneficial Owner Other Names	127	70	AN	Other Names includes First Name, Middle Name and/or initials.
11	Recipient Beneficial Owner Title	197	35	AN	Title includes: Mr, Mrs, Doctor, Sir, Professor etc.
12	Recipient Beneficial Owner Suffix	232	35	AN	Suffix includes: Esquire, Senior, Junior etc.
13	Recipient Beneficial Owner Gender	267	1	AN	F - Female M - Male N - Non Individual U - Unknown
14	Recipient Beneficial Owner Birth City	268	35	AN	
15	Recipient Beneficial Owner Birth City Sub Entity	303	35	AN	
16	Recipient Beneficial Owner Birth Country Code	338	2	A	ISO 3166 2 Alpha or Blank
17	Recipient Beneficial Owner Alias or Other Name Format Type	340	1	N	0 - Fixed 1 - Free If Free, all available name details will be given as a left justified string in bytes 341 through 550
18	Recipient Beneficial Owner Alias or Other Keyname	341	70	AN	Keyname is the family name for individuals and the business name for legal entities.
19	Recipient Beneficial Owner Alias or Other Other Names	411	70	AN	Other Names includes First Name, Middle Name and/or initials.

20	Recipient Beneficial Owner Alias or Other Title	481	35	AN	Title includes: Mr, Mrs, Doctor, Sir, Professor etc.
21	Recipient Beneficial Owner Alias or Other Suffix	516	35	AN	Suffix includes: Esquire, Senior, Junior etc.
22	Recipient Beneficial Owner In Care of Name Format Type	551	1	N	0 - Fixed 1 - Free If Free, all available name details will be given as a left justified string in bytes 552 through 761. .
23	Recipient Beneficial Owner In Care Of Keyname	552	70	AN	Keyname is the family name for individuals and the business name for legal entities.
24	Recipient Beneficial Owner In Care of Other Names	622	70	AN	Other Names includes First Name, Middle Name and/or initials.
25	Recipient Beneficial Owner In Care of Title	692	35	AN	Title includes: Mr, Mrs, Doctor, Sir, Professor etc.
26	Recipient Beneficial Owner In Care of Suffix	727	35	AN	Suffix includes: Esquire, Senior, Junior etc.
27	Recipient Beneficial Owner Address Type	762	1	N	0 - Residential or Business 1 - Registered Office 2 - Other or Unknown
28	Recipient Beneficial Owner Address Format Type	763	1	N	0 - Fixed 1 - Free If Free, all available address details will be given as a left justified string in bytes 764 through 912

29	Recipient Beneficial Owner Address Street	764	70	AN	
30	Recipient Beneficial Owner Address City	834	35	AN	
31	Recipient Beneficial Owner Address Country Sub-entity	869	35	AN	State, Province etc.
32	Recipient Beneficial Owner Address Postal Code	904	9	AN	
33	Recipient Beneficial Owner Address Country Code	913	2	A	ISO 3166 2 Alpha or Blank
34	Recipient Beneficial Owner Other Address Type	915	1	N	0 - Residential or Business 1 - Registered Office 2 - Other or Unknown
35	Recipient Beneficial Owner Other Address Format Type	916	1	N	0 - Fixed 1 - Free If Free, all available address details will be given as a left justified string in bytes 917 through 1065
36	Recipient Beneficial Owner Other Address Street	917	70	AN	
37	Recipient Beneficial Owner Other Address City	987	35	AN	
38	Recipient Beneficial Owner Other Address Country Sub-entity	1022	35	AN	State, Province etc.

39	Recipient Beneficial Owner Other Address Postal Code	1057	9	AN	
40	Recipient Beneficial Owner Other Address Country Code	1066	2	AN	ISO 3166 2 Alpha or Blank
41	Recipient Agent or Intermediary Country Code for TIN 1	1068	2	A	ISO 3166 2 Alpha or Blank
42	Recipient Agent or Intermediary TIN 1	1070	20	AN	Recipient Agent or Intermediary Tax Identification Number or Blank if data not available
43	Recipient Agent or Intermediary Country Code for TIN 2	1090	2	A	ISO 3166 2 Alpha or Blank
44	Recipient Agent or Intermediary TIN 2	1092	20	AN	Recipient Agent or Intermediary Tax Identification Number or Blank if data not available
45	Recipient Agent or Intermediary Name Format Type	1112	1	N	0 - Fixed 1 - Free If Free, all available name details will be given as a left justified string in bytes 1113 through 1322
46	Recipient Agent or Intermediary Keyname	1113	70	AN	Keyname is the family name for individuals and the business name for legal entities.
47	Recipient Agent or Intermediary Other Names	1183	70	AN	Other Names includes First Name, Middle Name and/or initials.

48	Recipient Agent or Intermediary Title	1253	35	AN	Title includes: Mr, Mrs, Doctor, Sir, Professor etc.
49	Recipient Agent or Intermediary Suffix	1288	35	AN	Suffix includes: Esquire, Senior, Junior etc.
50	Recipient Agent or Intermediary Address Format Type	1323	1	N	0 - Fixed 1 - Free If Free, all available address details will be given as a left justified string in bytes 1324 through 1472
51	Recipient Agent or Intermediary Address Street	1324	70	AN	
52	Recipient Agent or Intermediary Address City	1394	35	AN	
53	Recipient Agent or Intermediary Address Country Sub-entity	1429	35	AN	State, Province etc.
54	Recipient Agent or Intermediary Address Postal Code	1464	9	AN	
55	Recipient Agent or Intermediary Address Country Code	1473	2	AN	ISO 3166 2 Alpha or Blank
56	Actual Payer Country Code for TIN 1	1475	2	A	ISO 3166 2 Alpha or Blank

57	Actual Payer TIN 1	1477	20	AN	Actual Payer Agent or Intermediary Tax Identification Number or Blank if data not available
58	Actual Payer Country Code for TIN 2	1497	2	A	ISO 3166 2 Alpha or Blank
59	Actual Payer TIN 2	1499	20	AN	Actual Payer Agent or Intermediary Tax Identification Number or Blank if data not available
60	Actual Payer OECD Payer Code	1519	2	AN	See Table 1
61	Actual Payer Name Format Type	1521	1	N	0 - Fixed 1 - Free If Free, all available address details will be given as a left justified string in bytes 1521 through 1731
62	Actual Payer Keyname	1522	70	AN	Keyname is the family name for individuals and the business name for legal entities.
63	Actual Payer Other Names	1592	70	AN	Other Names includes First Name, Middle Name and/or initials.
64	Actual Payer Title	1662	35	AN	Title includes: Mr, Mrs, Doctor, Sir, Professor etc.
65	Actual Payer Suffix	1697	35	AN	Suffix includes: Esquire , Senior, Junior etc.
66	Actual Payer Address Format Type	1732	1	N	0 - Fixed 1 - Free If Free, all available address details will be given as a left justified string in bytes 1733 through 1881

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67	Actual Payer Address Street	1733	70	AN	
68	Actual Payer Address City	1803	35	AN	
69	Actual Payer Address Country Sub entity	1838	35	AN	State, Province etc.
70	Actual Payer Address Postal Code	1873	9	AN	
71	Actual Payer Address Country Code	1882	2	A	ISO 3166 2 Alpha or Blank
72	Payer Agent or Intermediary Country Code for TIN 1	1884	2	A	ISO 3166 2 Alpha or Blank
73	Payer Agent or Intermediary TIN 1	1886	20	AN	Agent or Intermediary Tax Identification Number or Blank if data not available
74	Payer Agent or Intermediary Country Code for TIN 2	1906	2	A	ISO 3166 2 Alpha or Blank
75	Payer Agent or Intermediary TIN 2	1908	20	AN	Agent or Intermediary Tax Identification Number or Blank if data not available
76	Payer Agent or Intermediary Name Format Type	1928	1	N	0 - Fixed 1 - Free If Free, all available address details will be given as a left justified string in bytes 1929 through 2138
77	Payer Agent or Intermediary Keyname	1929	70	AN	Keyname is the family name for individuals and the business name for legal entities.

78	Payer Agent or Intermediary Other Names	1999	70	AN	Other Names includes First Name, Middle Name and/or initials.
79	Payer Agent or Intermediary Title	2069	35	AN	Title includes: Mr, Mrs, Doctor, Sir, Professor etc.
80	Payer Agent or Intermediary Suffix	2104	35	AN	Suffix includes: Esquire, Senior, Junior etc.
81	Payer Agent or Intermediary Address Format Type	2139	1	N	0 - Fixed 1 - Free If Free, all available name details will be given as a left justified string in bytes 2140 through 2289
82	Payer Agent or Intermediary Address Street	2140	70	AN	
83	Payer Agent or Intermediary Address City	2210	35	AN	
84	Payer Agent or Intermediary Address Country Sub entity	2245	35	AN	State, Province etc.
85	Payer Agent or Intermediary Address Postal Code	2380	9	AN	
86	Payer Agent or Intermediary Address Country Code	2289	2	A	ISO 3166 2 Alpha or Blank

87	Sending Country Tax Year End	2291	8	AN	ISO 8601 CCYYMMDD or CCYYMM or CCYY or Blank if unknown
88	Date of Payment	2299	8	AN	ISO 8601 CCYYMMDD or CCYYMM or CCYY or Blank if unknown
89	OECD Payment Type	2307	4	AN	See Table 2
90	Sending Country Payment Type	2311	4	AN	
91	Gross Income Paid Currency Code	2315	3	A	ISO 4217 3 Alpha
92	Gross Income Paid Amount Major Unit of Currency	2318	18	N	Major units of currency only
93	Net Income Paid Currency Code	2336	3	A	ISO 4217 3 Alpha
94	Net Income Paid Amount Major Unit of Currency	2339	18	N	Major units of currency only
95	Tax Withheld Currency Code	2357	3	A	ISO 4217 3 Alpha
96	Tax Withheld Amount Major Unit of Currency	2360	18	N	Major units of currency only
97	Tax Rate	2378	4	N	nn.nn decimal point virtual Blank if no data
98	Tax Refund Currency Code	2382	3	A	ISO 4217 3 Alpha

99	Tax Refund Amount Major Unit of Currency	2385	18	N	Major units of currency only
100	Date of Refund or Date of First Refund	2403	8	AN	ISO 8601 CCYYMMDD or CCYYMM or CCYY or Blank if unknown
101	Sender's Reference	2411	70	AN	Sender's number for any queries relating to the particular record
102	Correction Reference	2481	70	AN	Relates to the Sender's number where this record is a correction record. (see field 1). Otherwise Blank
103	Filler General Use	2551	105	AN	Blank unless used. Details to be provided in technical notes accompanying the transmittal.
104	Filler Specific Arrangements	2656	105	AN	Blank unless used. Details agreed between sending country and recipient country and specified in technical notes accompanying the transmittal.

Table 1: Type of recipient and type of payer

01 Individual
02 Corporation
03 Partnership
04 Business organisation other than corporation and partnership
05 Government or international organisation
06 Other (specify in filler)
07 Unknown

Table 2: Type of income code corresponding to the numbering of the Article of the OECD Model Convention on Income and Capital

6-- Income from immovable property
7-- Business profits
10--Dividends
11-- Interest
12-- Royalties
13-- Capital Gains
14 --Income from Independent personal services
15-- Income from dependent personal services
15a--Gross amount (including fringe benefits)
15b--Money amount only but additional information on fringe benefits to follow in fillers according to bilateral arrangements
15c--Money amount only
16-- Directors' fees
17 --Income derived from activities of an artist or sportsman
18-- Pensions
19-- Income from government services and public pensions
20-- Payments to students for education and training
21-- Other income

2. **Standard for an OECD Foreign Data Exchange Magnetic Media Specifications**

<table>
<tr><td colspan="3" align="center">**ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT**

Foreign Tax Data Exchange
Magnetic Media Specifications</td></tr>
<tr><td rowspan="3">**Identity Information**</td><td>**Sending Country Name**</td><td></td></tr>
<tr><td>**Receiving Country Name**</td><td></td></tr>
<tr><td>**Sending Country Contact Person's Name/ Phone Number**</td><td></td></tr>
<tr><td rowspan="7">**Media Information**</td><td>**Total Number of Media being sent**</td><td></td></tr>
<tr><td>**File Name(s)**
File Name Format: xxyyzznn
xx= Sending Country (Code ISO 3166 2 Alpha)
yy= Receiving Country (Code ISO 3166 2 Alpha)
zz= Year of Sending
nn= Sequence Number of File (nn-th File from xx to yy in zz)</td><td></td></tr>
<tr><td>**Record Length**</td><td></td></tr>
<tr><td>**Block Size**</td><td></td></tr>
<tr><td>**Density**</td><td></td></tr>
<tr><td>**Creation Date**</td><td></td></tr>
<tr><td>**Tax Year(s) of Data**</td><td></td></tr>
<tr><td colspan="3">Comments_____
_____
_____</td></tr>
<tr><td>**Signature of Competent Authority**</td><td align="center">**Title**</td><td align="center">**Date**</td></tr>
</table>

3. **Standard for physical label attached to the magnetic media**

**ORGANISATION FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT**

Foreign Tax Data Exchange

Physical Label Attached to Magnetic Media

Foreign Tax Data Exchanged in OECD Standard Magnetic Format

Sending Country Name: **Filename:**
Receiving Country Name: **Tax Year(s) of Data:**
Record Length: **Block size:**
Number of Records on Media: **Density:**
Sequence Number of Media in this Transmission
(n of m: n/m):

N.B.:   The Tax Data provided are to be used according to the provisions of the international instrument under which they are exchanged.