

REPUBLIC OF NAURU

**AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION
(AMENDMENT) BILL 2024**

EXPLANATORY MEMORANDUM

The *Automatic Exchange of Financial Account Information (Amendment) Bill 2024*, is a Bill for the *Automatic Exchange of Financial Account Information (Amendment) Act 2024*.

This memorandum provides an explanation of the Bill and is only intended to indicate the general effect.

EXPLANATION OF CLAUSES

Clause 1 provides that, once enacted, the short title of the Bill will be the *Automatic Exchange of Financial Account Information (Amendment) Act 2024*.

Clause 2 sets out that the commencement of the Bill once passed will be on the date it is certified by the Speaker.

Clause 3 is the enabling provision for the amendment of the *Automatic Exchange of Financial Account Information Act 2016*.

Clause 4 amends Section 10. Section 10 provides for payment of penalties by a legal entity. The issue is that in certain instances, the legal entities may not become liable due to the form of relationship or arrangements with the person's creating it or due to any other relationship. The proposed clause now specifically makes that liability on the natural persons (where applicable) to be responsible for the liability of the legal entity. The provision now allows the liability to be imposed:

- (a) in case of a corporation, on the directors or shareholders;
- (b) in case of a partnership, on the partners;
- (c) in case of a trust, on the trustees;
- (d) in case of joint ventures, on the members of the venture; or
- (e) generally, in any other legal form of relationship, on its members.

Furthermore, the liability is joint and several for the members or other persons who form part of the relationship or arrangement with the entity.

This is to comply with the Common Reporting Standards of the Organisation for Economic Cooperation and Development (OECD), to which Nauru is a member.

Clause 5 amends Section 14. The purpose of this amendment of Section 14 is to negate any agreement, arrangement or understanding which has the purpose of avoiding the application of the Act in relation to reporting matters under the Act. The provision will now deem that no such agreement, arrangement or understanding existed as such, the Authorities can proceed notwithstanding the agreement, arrangement or understanding, for the purposes of implementing the Act.

This is to comply with the Common Reporting Standards of OECD.