

Progress towards automatic information exchange with ta...

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The [Economist series on offshore](#), published as a special report this week, has some powerful nuggets within it.

I was talking about [automatic information exchange](#) in the [Canadian parliament yesterday](#), and it's good to see the Economist reflecting much of what I said. As they note the OECD solution to information exchange, the tax information exchange agreement, does not work (as I said yesterday):

The OECD touted this as a step towards transparency that would also respect individuals' right to confidentiality as much as possible. But tax investigators complain that the process for getting information is cumbersome and the bar has been set too high. "You already have to have pretty much all the information you're after to get the last piece. It's a catch-22," says one. That may explain why the number of requests made has been small.

[I've been saying that since 2009.](#)

It is good to see FATCA and its problems discussed too. As they note:

An OECD tax official describes the law as "awful, in a way, like a nuclear bomb" but also sees it as "a remarkable leap forward for transparency".

They're right, but it's going to happen anyway, and spread. As first reported here:

Inspired by America's chutzpah, other countries are drawing up similar legislation of their own. Britain is planning to impose a so-called "Son of FATCA" on its dependencies. The Isle of Man has already agreed to this; its chief minister accepts that automatic exchange "is becoming the global standard". Jersey and others are holding out for now, but will come under increasing pressure to sign up. "It's the last days of the Roman Empire," mutters a senior Cayman lawyer.

Also important is the fact that many of the futile counter arguments to automatic information exchange from places like Jersey are dismissed:

Tax campaigners argue that appropriate checks and balances can be put in place in most countries. Governments in the developing world already have access to lots of sensitive information about their citizens. And the biggest benefit of automatic exchange is that it deters rather than detects, says John Christensen of the Tax Justice Network (TJN).

Quite so. But then places like Jersey don't want to deter a trade we want to stop. And that's the simple explanation for the difference of view. You're for or against deterring tax crime. Some aren't against it. The Tax Justice Network is, and it's now very clear that the view of those who think criminality must be stopped will prevail.

That's why I think we're winning, as the Economist clearly concludes.