



AUTOMATIC EXCHANGE OF INFORMATION (AEOI)

The Automatic Exchange of Information (AEOI) provides a mechanism for countries to receive information on their residents without having to manually request it from other countries. Both FATCA (the Foreign Account Tax Compliance Act) and CRS (the Common Reporting Standard) adopt this method of information sharing.

The objective of all AEOI regimes is to combat instances of tax evasion and re-coup tax revenue lost through this criminal activity, as well as boost a country's overall level of tax compliance and transparency.

The Foreign Account Tax Compliance Act (FATCA) is a US law enacted in 2010 which requires all financial institutions outside of the US to report on financial

accounts held for US persons or entities where US persons have a substantial interest to the US Internal Revenue Service (IRS). 113 countries have entered into inter-governmental agreements (IGAs) with the US and implemented their own local legislation to facilitate the automatic sharing of this data on an annual basis.

The Common Reporting Standard is a global initiative championed by the Organisation for Economic Cooperation and Development (the OECD) and is largely based on FATCA. There are currently 120 countries who have entered agreements to automatically share information with each other on residents who have financial accounts outside of their home jurisdiction.

FATCA

The Foreign Account Tax Compliance Act (FATCA) requires financial institutions outside the US to report financial accounts held for US persons or entities where US persons have a substantial interest to the US Internal Revenue Service (IRS).

ENTITY CLASSIFICATION

Any entity or trust that is resident outside of the US, in a country which has entered into an intergovernmental agreement (IGA) with the US to automatically share information on US persons must classify themselves under FATCA. Entities can be classified as a Foreign Financial Institution (FFI) or a Non-Financial Foreign Entity (NFFE). There are sub categories of each status.

REGISTRATION

Where an entity is classified as an FFI, there is a requirement to register with the IRS to acknowledge and enable their compliance and reporting responsibilities under FATCA.

DUE DILIGENCE

Client due diligence checks are undertaken to determine if a financial account/account holder is reportable. This includes the completion of W-series forms, self certifications and checks to identify and validate US indicia (indicators of a US connection).

The information held on account holders is reviewed regularly and monitored for changes in circumstance which could impact whether the account holder is reportable under FATCA.

REPORTING

FATCA Reporting is completed on an annual basis. Submission of the reports are either sent to the IRS via the home tax authority of the financial institution or directly from the financial institution to the IRS, depending on the type of IGA the home jurisdiction has entered into with the US.



FATCA CONTINUED

USEFUL INFORMATION

Types of US persons

- > US citizens
- > Individuals resident in the US based on number of days spent there
- > US green card holders (even if expired)
- > US created corporation
- > US created partnership
- > US estates and trusts
- > Individuals born in the US
- > Dual nationals (US and another country)
- > Certain individuals who were born outside of the US but have a US parent

Types of account holders

- > Owners of bank accounts
- > Company shareholders or holders of certain types of debt interest in a company
- > The settlor, some trustees, protectors, certain types of beneficiaries of a trust
- > Partners within the context of a partnership
- > Most investors in a fund

What information is reported?

- > Name, address, date of birth and social security number of each individual account holder
- > For a US owned foreign entity the above information for its substantial US owners
- > Legal name, address and tax identification number of each entity account holder who is considered a US person
- > Account number
- > Account balance or value as at 31/12 each year
- > Gross dividends, interest and other income paid or credited to the account in the year

Unclear on your personal tax residence position?

Rules regarding tax residence are complex and vary across different jurisdictions. Independent tax advice should be sought to ensure you are comfortable with your personal tax obligations.

CRS

The Common Reporting Standard allows for the Automatic Exchange of Information (AEOI) on financial accounts of individuals/entities who are resident in one of the 120+ jurisdictions which have signed up to the Common Reporting Standard.

ENTITY CLASSIFICATION

Any entity or trust that is resident in a CRS participating jurisdiction, which has committed to transmit data on accounts/account holders resident in other participating jurisdictions must classify themselves under CRS. Entities can be classified as a Financial Institution (FI) or a Non-Financial Entity (NFE). There are sub categories of each status. The CRS classification for an entity can differ to the FATCA Classification.

REGISTRATION

Where an entity is classified as an FI, there may be obligations for the entity to register online with the Tax Authorities within certain jurisdictions relevant to their operations to confirm their intention to submit CRS reports.

DUE DILIGENCE

Client due diligence checks are undertaken to determine if a financial account/account holder is reportable. This includes the completion of self certifications and checks to identify and validate indicia of CRS reportable jurisdictions.

The information held on account holders is reviewed regularly and monitored for changes in circumstance which could impact whether the account holder is reportable under CRS.

REPORTING

CRS Reporting is completed on an annual basis. Submission of the reports are sent to the relevant tax authority where the accounts holders are resident via the home tax authority of the financial institution. Some jurisdictions have also introduced compliance forms which need to be submitted in addition to the CRS reports.



CRS CONTINUED

USEFUL INFORMATION

Which countries have signed up to CRS?

Currently there are 120+ jurisdictions who have committed to exchange information automatically. Details of which countries are included are [here](#). The US has made no commitment so far to exchange information under CRS and have confirmed they intend to continue exchanging data only under the existing US FATCA arrangements in place.

Types of account holders

- > Owners of bank accounts
- > Company shareholders or holders of certain types of debt interest in a company
- > The settlor, some trustees, protectors, certain types of beneficiaries of a trust
- > Partners within the context of a partnership.
- > Most investors in a fund

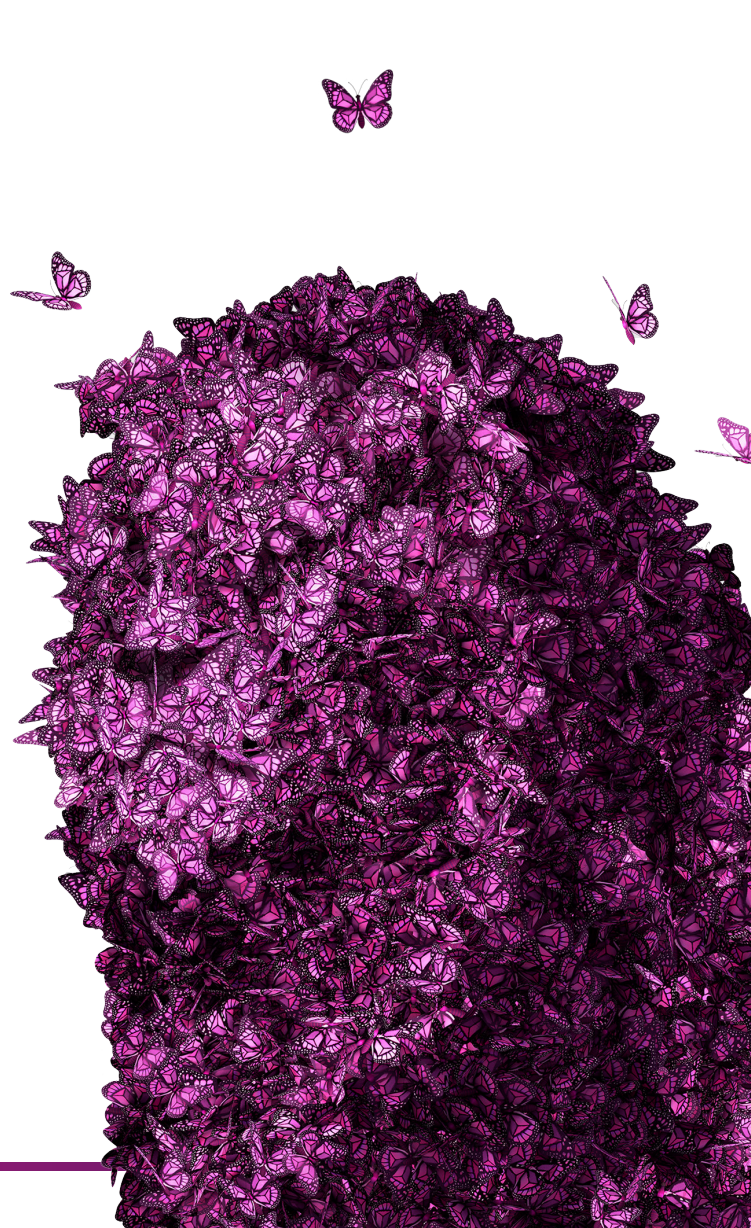
What information is reported?

- > Name, address, country of residence, date of birth, country of tax residence, social security number or tax identification number of each individual account holder
- > For an entity which is not itself reportable under CRS but has controlling persons in a CRS reportable jurisdiction, the above information for these persons
- > Account number
- > Account balance or value as at 31/12 each year
- > Gross dividends, interest and other income paid or credited to the account in the year

Unclear on your personal tax residence position?

Rules regarding tax residence are complex and vary across different jurisdictions. Independent tax advice should be sought to ensure you are comfortable with your personal tax obligations.

IMPORTANT INFORMATION: The content of this factsheet is intended for general information purposes only. It does not constitute, should not be interpreted as constituting and cannot be relied upon as providing (i) legal, investment or tax advice or any other form of professional advice, (ii) an offer to sell, a solicitation of an offer to buy, or a recommendation of any service or any other product or service regardless of whether such security, product or service is referenced in this factsheet. JTC has sought to ensure that the information provided in the article is adequate, accurate and complete as at the time of publication but offers no assertion or warranty as to its adequacy, accuracy or completeness either at the time of publication or thereafter. No responsibility or liability will be accepted for any losses resulting from reliance placed upon the content of this factsheet.



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JTC is a publicly listed, global professional services business with deep expertise in fund, corporate and private client services.

Every JTC person is an owner of the business and this fundamental part of our culture aligns us with the best interests of all of our stakeholders.

Our purpose is to maximise potential and our success is built on service excellence, long-term relationships and technology capabilities that drive efficiency and add value.

We value shared ownership

- We operate around the principle that if our people have a stake in the business, they will do a better job for our clients.

We value relationships

- We aim to work with clients who share our belief in the importance of building strong relationships over time.

We invest in our people

- Over 83% of our employees hold a relevant professional qualification or are working towards this through our dedicated JTC Academy.

We embrace technology

- We operate a variety of best-in-class systems to deliver and maintain an impeccable standard of administration and use technology to innovate in both service delivery and efficiency.

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE (ESG)

- Our environmental, social and governance (ESG) framework has at its heart our culture of shared ownership and is informed by our purpose, which is to help maximise the potential of every client, colleague and partner with whom we work.
- We believe that we will thrive as a business by working in a sustainable way, operating within constantly evolving legal and regulatory frameworks, respecting the natural environment and creating a positive impact for the communities where we live and work.
- We understand the ESG risks and opportunities our clients face and as a listed professional services business with expertise across a wide range of sectors, geographies and asset classes, we are ideally placed to support our clients with a range of solutions that help them meet their own ESG commitments and goals.

