

Data sharing under FATCA and CRS regulations

Foreign Account Tax Compliance Act (FATCA) is a US regulation in effect since 1 July 2014. Its aim is to prevent US persons using offshore accounts from evading US taxation. The US has partnered with over 150 countries by signing Intergovernmental Agreements (IGA) that require such countries' local financial institutions to identify accounts held by US persons. Information relating to such accounts is ultimately exchanged with the US Internal Revenue Service. Common Reporting Standard (CRS) is a global initiative lead by the OECD. Its aim is to prevent individuals and entities using offshore accounts from evading taxation in participating countries. As of now, over 100 countries are committed to participate in the CRS initiative via Automatic Exchange.

These laws require local financial institutions (FIs) to identify accounts held by foreign tax residents, and report details of such accounts to local tax authorities, who will automatically exchange this information with the tax authorities of other countries participating in the CRS initiative. The clients need to submit their FATCA and CRS self-declarations to AXSE. Some (corporate) clients may need to provide additional FATCA-related self-declarations for their US owner(s) and/or CRS-related self-declarations of their controlling persons. The clients need to inform AXSE and provide an updated self-declaration within 30 days of any change in circumstance which may affect their tax residency status or may inundate the information contained in self-declaration previously submitted to AXSE. The client is required to provide supporting documents to AXSE for verification of the information contained in their self-declarations.

The information collected may be shared with the relevant tax authorities as part of FATCA and CRS reporting obligations, and in response to specific request from the tax authority. The clients need to ensure that accurate information is provided in their self-declarations since the tax authorities may penalize the clients for making an incorrect declaration either willfully or due to negligence. Please note AXSE does not provide any form of tax advice. The clients should contact their own tax adviser if any tax-related advice is required. AXSE appreciates the continued support and patronage of all clients. AXSE is happy to provide non-tax related guidance to clients that may be of assistance to prepare and submit the self-declarations. The clients may contact the team of FATCA and CRS specialists via: help@purple-trading.sc