


FATCA/CRS

Reporting Alert



As you may be aware, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) reporting is an annual compliance requirement in the UAE. For the financial year ended 31 December 2020 (FY20), relevant businesses and entities are required to submit their FATCA and CRS filings via the Ministry of Finance (MoF) FATCA/CRS Portal, unless specified otherwise by the relevant regulator. These filings can be submitted from 15 May 2021 to 30 June 2021 for FY20.

It is strongly recommended that entities consider whether they meet the Financial Institution criteria as per the applicable FATCA and CRS Regulations or not. It is not correct to assume that the entity classification as per their license and under FATCA and CRS regulations would be same.

All entities classified as Financial Institutions for FATCA and CRS Reporting should consider their reporting obligations (including the filing of Nil Returns) as stipulated within the regulations.

Background

FATCA

FATCA is US legislation which requires all Foreign Financial Institutions (FFIs) to regularly submit information on financial accounts held by US persons to the US Internal Revenue Service (IRS).

On 17 June 2015, the UAE signed a Model 1B Intergovernmental Agreement with the US (UAE-US IGA) to improve international tax compliance and to implement FATCA. The UAE-US IGA was ratified pursuant to Federal Decree 9 of 2016. Accordingly, the UAE has agreed to adopt the rules to identify and report information about US accounts that meet the standards as set out in the UAE-US IGA.

CRS

The CRS is the agreed global standard for the automatic exchange of financial account information (AEOI). It was developed by the Organisation for Economic Co-operation and Development (OECD) in February 2014. The main aim of the CRS is to facilitate tax transparency by allowing CRS participating jurisdictions to automatically exchange information obtained from local FIs on an annual basis with exchange partners where reportable persons are resident for tax purposes. Financial Account information can then be used by the receiving tax authorities to help ensure compliance by their taxpayers.

The UAE signed the Convention on Mutual Administrative Assistance in Tax Matters (MAC), the Declaration of Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA) and the Unilateral Declaration in April 2017.

Non-Compliance

Failure to submit a FATCA and CRS Filings by the required timeline may result in fines and penalties by the relevant regulator.

Next Steps

Entities that have identified themselves as FATCA and CRS Reporting Financial Institutions as per the applicable regulations and law, shall have to register two individuals (maker and checker) who would be allowed access to the MoF Portal for reporting.

Our Service Offering

Our experienced consultants can assist clients in

- Understanding their entity classification for FATCA / CRS purposes
- Register the entity with IRS to obtain its Global Intermediary Identification Number (GIIN)
- Design the FATCA and CRS Compliance Framework [Job Description, Manuals, KYC and Self Certification Forms, Monitoring Checks]
- Assist in filing FATCA and CRS Reports to the regulators
- Ad-hoc advice on FATCA and CRS matters
- Training to staff on FATCA and CRS Compliance.

Disclaimer:


This document does not contain legal, compliance and/or any other advice and is only meant to highlight certain information for ease of understanding. It is the responsibility of each entity to obtain their own legal and/or other professional advice in relation to their reporting obligation.

Contact us to find out how Grant Thornton can help you with FATCA/CRS.



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