

# Automatic Exchange of Information (“AEOI”)



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The Intergovernmental Agreements between the Isle of Man and the United States of America (the US IGA - FATCA) came into effect on 1 July 2014.

The IGA provides for the automatic exchange of information between the jurisdictions relating to financial accounts held by specified individuals.

The Common Reporting Standard (CRS) regime, which closely follows FATCA, took effect from 1 January 2016, for those countries known as ‘Early Adopters’, with the first information exchange taking place in 2017.

### FATCA

The legislation, regulations and guidance for the regime is complex and the guidance is constantly evolving to take account of practical implementation issues and updates to US Treasury Regulations.

In relation to clients of trust and corporate service providers and investors in Funds and other investment vehicles, the main points to note are as follows:

- All entities will need to be classified in order to establish who will undertake any required reporting. Entities are classified as Financial Institutions or Non-Financial Foreign Entities.
- Banks are undertaking a review of all their accounts and will require entity classifications.
- FATCA applies to US tax residents, US citizens and Green Card holders.
- Depending on the exact nature of any relevant entity and the applicable thresholds there may be reporting due annually in relation to the position as at 31 December of the previous calendar year. The reporting will primarily be in relation to settlors of Trusts and shareholders of companies, but it will also potentially include beneficiaries of Trusts, particularly those who have received distributions in the period. Investors in Funds and other investment vehicles will also be subject to reporting.

### Common Reporting Standard (CRS)

The CRS calls on governments to obtain detailed account information from their financial institutions and exchange that information automatically with other jurisdictions on an annual basis.

CRS was implemented on 1 January 2016 in certain jurisdictions, known as ‘Early Adopters’, with the first reporting being in 2017 for the position as at 31 December 2016 or the position at the time of winding up if this is between 1 January 2016 and 31 December 2016. A further group of jurisdictions, known as ‘Fast Followers’ have committed to undertake their first exchange of information on the position as at 31 December 2017, in 2018.

A number of other jurisdictions have committed to their first exchanges of information from 2019 and 2020.



Committed to first exchanges in 2017 'Early Adopters'		Committed to first exchanges in 2018 'Fast Followers'	
Anguilla	Italy	Andorra	Marshall Islands
Argentina	Jersey	Antigua and Barbuda	Macao (China)
Belgium	Korea	Aruba	Malaysia
Bermuda	Latvia	Australia	Mauritius
British Virgin Islands	Liechtenstein	Austria	Monaco
Bulgaria	Lithuania	Azerbaijan	Nauru
Cayman Islands	Luxembourg	The Bahamas	New Zealand
Colombia	Malta	Bahrain	Niue
Croatia	Mexico	Barbados	Pakistan
Cyprus	Montserrat	Belize	Panama
Czech Republic	Netherlands	Brazil	Qatar
Denmark	Norway	Brunei Darussalam	Russia
Estonia	Poland	Canada	Saint Kitts and Nevis
The Faroe Islands	Portugal	Chile	Saint Lucia
Finland	Romania	China	Saint Vincent and the Grenadines
France	San Marino	Cook Islands	Samoa
Germany	Seychelles	Costa Rica	Saudi Arabia
Gibraltar	Slovak Republic	Curaçao	Singapore
Greece	Slovenia	Dominica	Sint Maarten
Guernsey	South Africa	Greenland	Switzerland
Hungary	Spain	Grenada	Trinidad and Tobago
Iceland	Sweden	Hong Kong (China)	Turkey
India	Turks and Caicos Islands	Indonesia	United Arab Emirates
Ireland	United Kingdom	Israel	Uruguay
Isle of Man		Japan	Vanuatu
		Lebanon	

### Committed to first exchanges in 2019/2020

Albania (2020), Ghana (2019), Kazakhstan (2020), Kuwait (2019), Maldives (2020), Nigeria (2019), Oman (2020), Peru (2020)

- All entities will be classified as Financial Institutions or Non-Financial Entities.
- Revised classifications for CRS will be required by banks.
- Applies to all tax residents of the listed jurisdictions.
- Reporting will largely be the same as that under FATCA; settlors and protectors of Trusts, beneficiaries who receive a distribution, shareholders of companies and investors in funds and other investment vehicles.

## Reporting

SMP clients and Fund Investors who are US Persons will have already been contacted to discuss the FATCA reporting and who will be making the reports.

Clients who are resident in CRS jurisdictions should have been advised of an initial entity classification and/or a summary of reporting requirements (if any).

Further information will be issued in due course, including a 'Reporting Notification' together with a tax declaration (if required) which should be completed and signed and returned.

Clients who wish to discuss how they are affected by AEOI in relation to entities administered by SMP or fund investments and also generally in relation to other entities, bank accounts, fund investments, etc. should contact their usual SMP adviser or one of the contacts listed below.

SMP Accounting & Tax Limited can assist any UK residents who have concerns about historical tax matters and/or queries regarding various disclosure facilities.

In relation to US and other global clients, SMP can offer assistance through the Russell Bedford international network and through the various lawyers and accountants that SMP work with worldwide.

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