## 1. What is Automatic Exchange of Information (AEOI)?

AEOI is a term used to describe a range of agreements tax authorities across the world have entered into to exchange data automatically. It allows for the exchange of information regarding non-resident taxpayers with the tax authorities in the taxpayers' country of residence. Participating jurisdictions that implement AEOI send and receive pre-agreed information automatically each year.

AEOI enables tax authorities to identify non-compliant taxpayers, and aims to improve the deterrence and detection of cross border tax evasion by giving tax authorities access to information relating to offshore accounts, assets and income held by their residents. It is intended to further strengthen international efforts to increase transparency and cooperation by tax authorities.

Some of the main initiatives that Ireland is involved in are described below, and include the exchange of financial account information under FATCA and CRS, as well as the exchange of income and property ownership information under DAC1.

Further information on AEOI can be found at http://www.revenue.ie/en/business/aeoi/

## 2. What are FATCA and CRS?

FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard) are both agreements to exchange bank and other financial account information automatically between jurisdictions. The information is collected by financial institutions in each jurisdiction. Under FATCA data is exchanged with US authorities, and under CRS it will be exchanged with over 101 participating jurisdictions.

## 3. Which financial institutions are covered by FATCA and CRS?

FATCA / CRS includes a broad range of financial institutions

- Depositary Institutions;
- Custodial Institutions;
- Investment Entities; and
- Insurance Companies offering investment products with a cash value.

This includes banks, investment funds and similar vehicles that hold investments on behalf of individuals or entities.

These financial institutions are required to report to their own authorities financial account information with regard to persons or entities who are non-resident and for which the institution holds an account. That information is then exchanged with the jurisdiction of tax residence of the account holder.

## 4. What types of financial accounts are covered?

The definition of financial account for FATCA / CRS is very broadly drafted to include a wide range of accounts and products. It includes:

- Depository accounts;
- Custodial accounts ;
- Equity or debt interests in an Investment Entity;
- Cash Value Insurance Contracts; and
- Annuity Contracts.

## 5. What financial account information will Revenue receive from other jurisdictions under FATCA / CRS?

The participating jurisdictions will send the following information to Revenue with respect to accounts held by Irish tax resident persons and entities:

1. Name, address, Tax Identification Number (TIN, or PPSN) and account number of each account holder that is a resident of Ireland,
2. Name and identifying number of the financial institution,
3. The gross amount of interest paid on a deposit account,
4. The gross amount of dividends paid or credited to the account,
5. The gross amount of income including interest or dividends paid into the account,
6. The gross proceeds from the sale or redemption of financial assets held on account,
7. The account balance or value at the reporting date, and
8. Where a reportable account has been closed during the period, the closure date of the account.

## 6. Are trusts covered by FATCA / CRS?

Yes, accounts held by trusts are reportable under FATCA / CRS. The settlor, trustees and beneficiaries (also known as controlling persons) of a trust are required to be identified and reported.

## 7. Does FATCA / CRS reporting only relate to new accounts?

No, both FATCA and CRS cover pre-existing accounts that were open on 1 July 2014 for FATCA and that were open on 1 January 2016 for CRS.

## 8. How will Financial Institutions reporting under FATCA and CRS identify account holders who are tax resident in other jurisdictions?

Financial institutions are obliged to implement due diligence procedures to identify customers who are resident in another jurisdiction.

Customers opening **new accounts** will be requested to declare their place of tax residence and to give their Tax Identification Number from that place of residence. Institutions are required to review the credibility of these declarations against other information provided to them under the Know Your Customer (KYC) obligations for anti-money laundering purposes.

For **pre-existing accounts** the institutions will be required to examine their records for indictors of a foreign residence. Such indicators might include:

- An address, or place of incorporation in the case of a company, located in a foreign jurisdiction;
- One or more telephone numbers in a foreign jurisdiction;
- A post office box or other mailing address in a foreign jurisdiction;
- Standing instructions to transfer funds to an account in a foreign jurisdiction;
- Power of attorney or signatory authority with a person with an address in a foreign jurisdiction;
- A foreign place of birth.

## *9. Do FATCA and CRS include credit unions?*

Credit unions are exempt from reporting under the FATCA agreement with the United States due to their size and local client base. However this exclusion was not extended to CRS.

For CRS purposes, credit unions will be required to report details of account holders who are non-resident for tax purposes.

## *10. How many other jurisdictions have signed up to CRS?*

This number continues to increase as more jurisdictions commit to exchanging data automatically. Currently, 101 jurisdictions have made commitments to implement CRS.

## *11. Which jurisdictions are undertaking financial account information exchanges in 2017?*

There are 54 jurisdictions that are 'Early Adopters' and are undertaking the first CRS exchanges in 2017;

Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago, Turks and Caicos Islands, United Kingdom and the United States (under FATCA).

## 12. Which jurisdictions are undertaking financial account information exchanges in 2018?

A further 47 jurisdictions have committed to exchanging data under CRS by 2018, and this number is increasing all the time. The jurisdictions currently committed are;

Albania, Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Bahrain, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Dominica, Ghana, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Kuwait, Lebanon, Marshall Islands, Macao (China), Malaysia, Mauritius, Monaco, Nauru, New Zealand, Panama, Qatar, Russia, Saint Kitts and Nevis, Samoa, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates, Uruguay, Vanuatu.

## 13. What is the Directive on Administrative Cooperation (DAC1)?

Under EU legislation (Directive on Administrative Cooperation in the Field of Taxation (DAC1)), all EU Member States automatically exchange information concerning residents of other Member States in respect of 5 categories of income and capital:

- ownership of and income from immovable property i.e. houses, apartments etc.
- employment income;
- directors' fees;
- life insurance products;
- pensions.

To date, Ireland has received DAC1 information relating to 2014 from 26 Member States.

## 14. What is the EU Savings Directive?

Since 2005, under the EU Saving Directive, EU Member States have provided tax authorities of each Member State with details of interest payments (or similar income) paid to an individual resident in that Member State. The EU Saving Directive has been repealed as EU Member States have agreed to replace it with CRS from 2016 onwards which contains more detailed information. However the information that has already been received will be included in the taxpayer profile used to identify non-compliant taxpayers.

## 15. Does AEOI just relate to individuals?

The information to be exchanged under both FATCA and CRS relates to ***all*** account holders, so information will be received for both individuals and entities including companies, corporate bodies etc.

For certain entities, financial institutions must also report information relating to the controlling persons or beneficial owners of the entity. This means that financial institutions must "look through” certain entity types and report the details of the individuals that own or control those entities even though the account is not in their name. This includes trusts, some holding companies, entities with passive income, and various other legal arrangements.

The information exchanged under DAC1 also relates to both individuals and entities.

## *16. What are the timelines involved?*

In September, Revenue received FATCA information relating to 2014 and 2015 accounts from the Internal Revenue Service (IRS) of the United States of America.

The first information exchanges under CRS will start in 2017. This data relates to 2016 accounts and will be received from 54 jurisdictions. Another 47 jurisdictions will start exchanging data in 2018.

Currently Revenue has received DAC1 information relating to 2014 from 26 Member States.

## *17. Can Revenue obtain further information other than that provided under AEOI?*

Yes, Revenue has an extensive network of Double Taxation Agreements and Tax Information Exchange Agreements. These agreements allow for the Exchange of Information on Request where Revenue can request further information relating to specific Irish resident individuals and entities.

## *18. How will Revenue use this information?*

The information received from other jurisdictions will be matched to the existing taxpayer profile on Revenue systems using the Tax Reference Number supplied and the address.

It will also be used in the Revenue Risk, Evaluation, Analysis, and Profiling System (REAP) along with Revenue-held information and third-party data received from domestic sources. REAP uses all this information to identify cases for Compliance and Audit interventions. The information can also be extracted for use in dedicated projects for targeted interventions by Revenue Districts. In addition, the data received from all sources is used in Revenue data models and analytical tools.