



cutting through complexity

KPMG Suite of Services: Automatic Exchange of Information (AEOI)

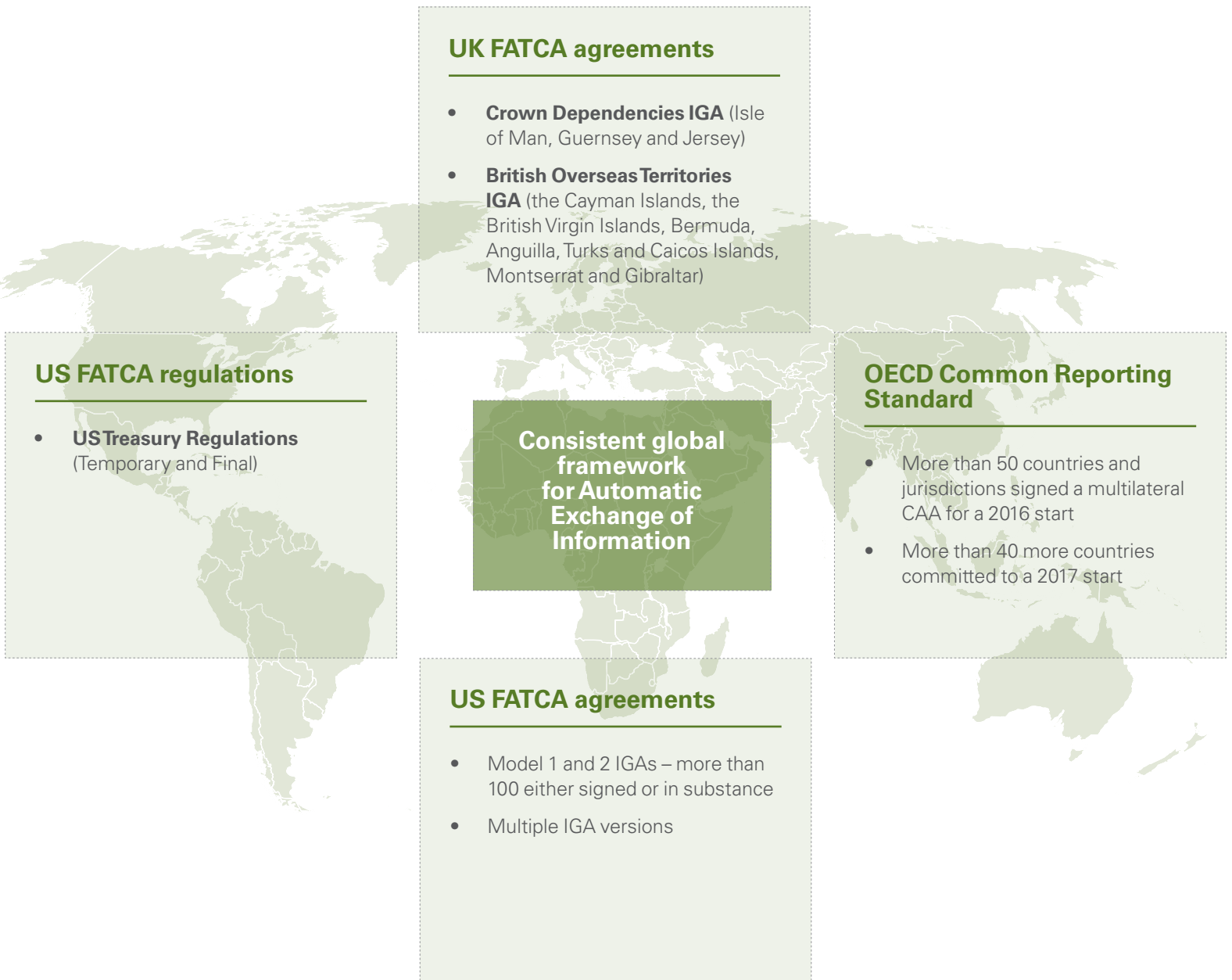
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The challenge:

Global Exchange of Information

Of more than 100 jurisdictions entering into Intergovernmental Agreements (IGAs), only approximately 20 have enacted enabling legislation and guidance. Between those few jurisdictions with IGA guidance, the rules vary, sometimes significantly. Moreover, none of the more than 50 jurisdictions that are early adopters of the Common Reporting Standard (CRS) have issued guidance for a regime that will apply from 1 January 2016. Even within a jurisdiction, the IGA and CRS rules will not be identical.

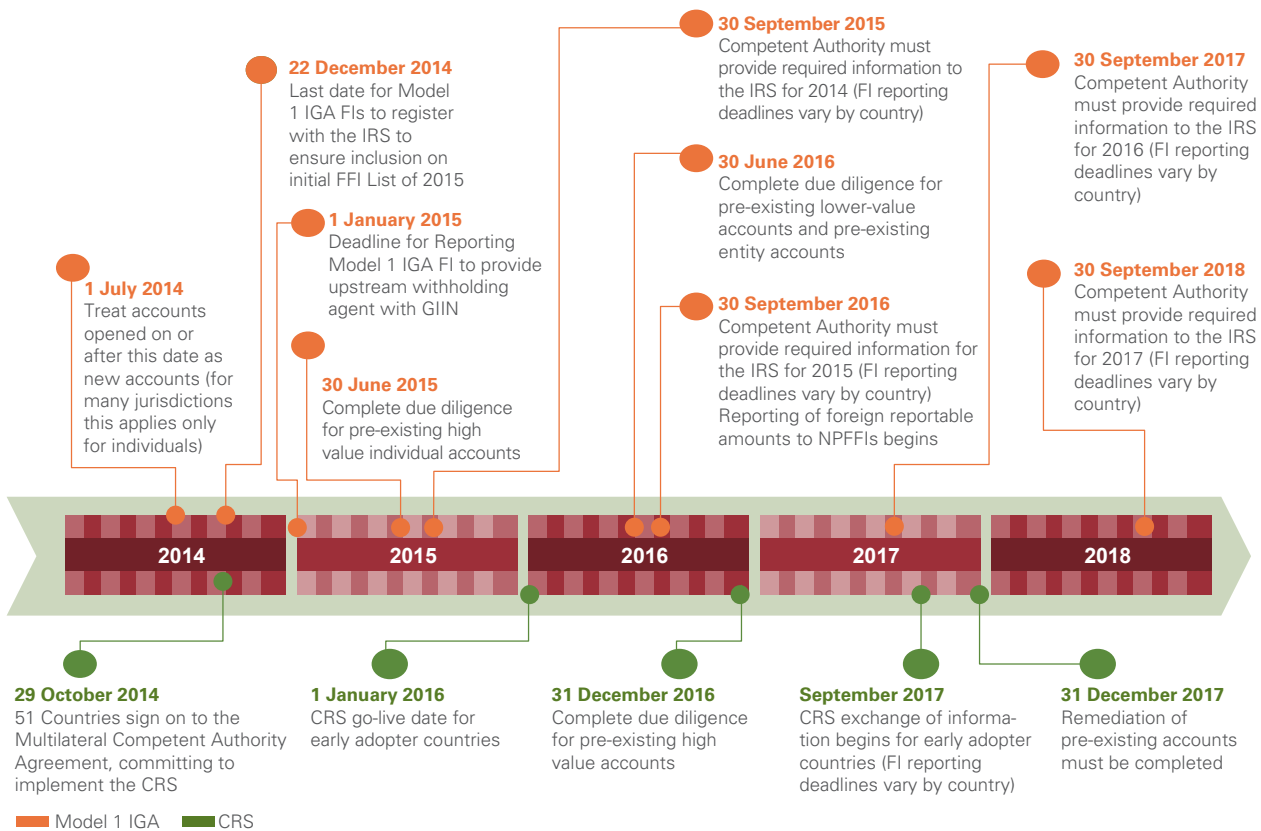


Source: KPMG International illustration

Global organizations need a way to track these differences as they occur to ensure cost-efficient global compliance.

FATCA timeline - Model 1 IGA FIs and CRS (early adopters)

The close deadlines for entities to be compliant across both FATCA and the CRS are stretching organizational resources. The lack of clear guidance across many jurisdictions makes building systemic solutions to meet these deadlines a significant challenge. KPMG’s global network can help clients strategize their short and longer term response to these regimes to help build on what has been done to date.

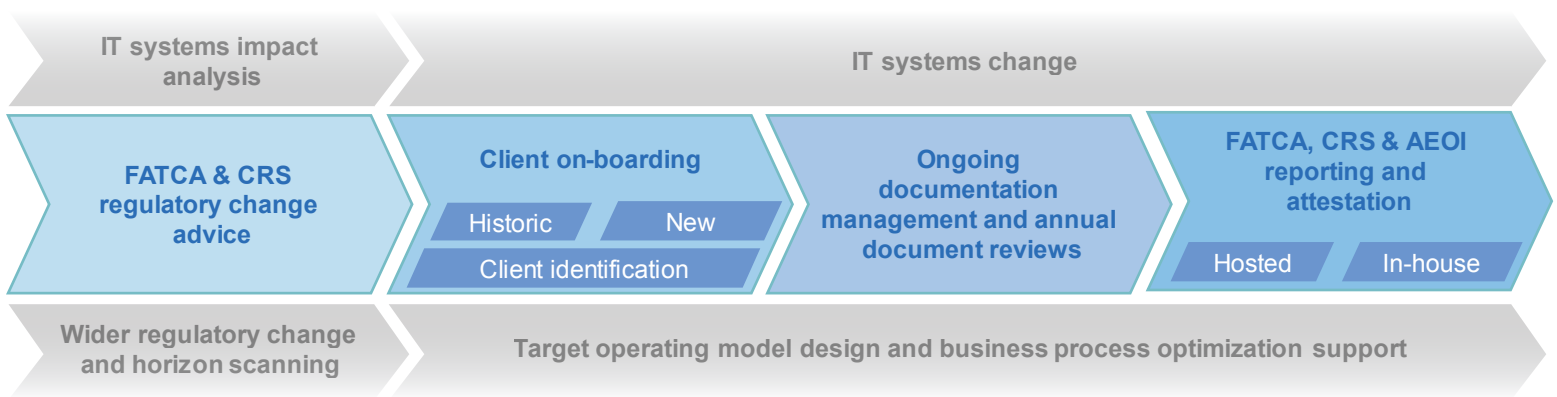


Source: KPMG International illustration

The short timeline presents significant operational challenges to timely compliance.

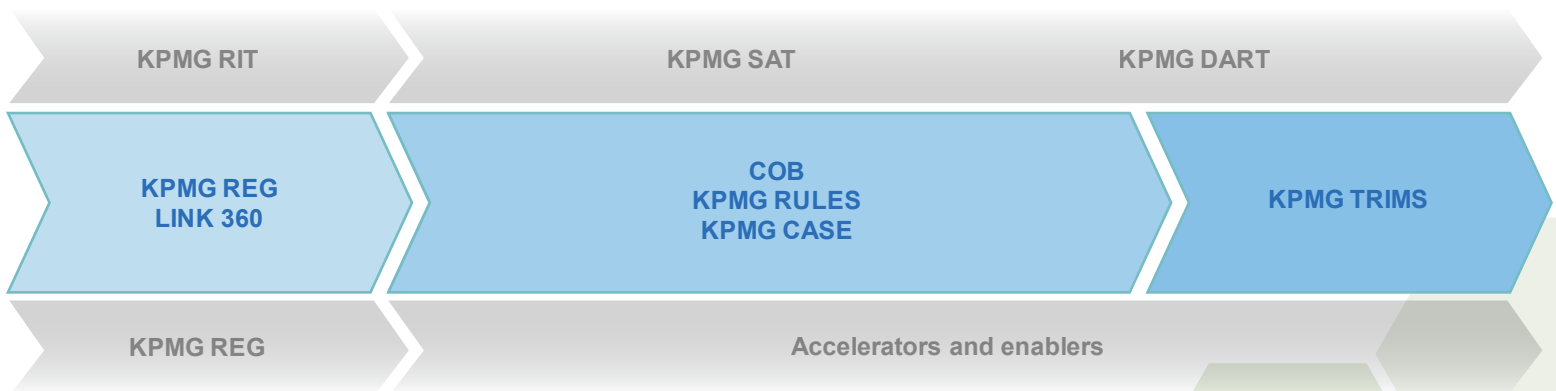
A typical high-level view of AEOI implementation architecture

Across the financial services industry, there are many operating models that organizations use to implement regulatory change; especially those regulations that touch customers and investors and require annual reporting. Below is a typical example.



How KPMG’s services and solutions can help embed AEOI for you

The architecture diagram below shows how the KPMG tools, enablers and accelerators could be utilized in combination to embed AEOI compliance for a financial institution throughout the process. Most of our member firm clients, however, tend to use select services to build on what they have done already for FATCA or to enhance some aspects of their FATCA program for which they used a semi-automated solution or need additional support.



AEOI regulatory change advice

The following tools, accelerators and enablers are available to be used independently or together to facilitate AEOI compliance. A more complete description of each service is available in slip sheets that you can request from your KPMG contact.

A) KPMG Regulatory Impact Tool (RIT)

Provides tools and methodology that can help identify and visualize the chain reaction of the regulatory requirements as it ripples through the enterprise structure. KPMG's REG, SAT and DART tools are components of the Regulatory Impact Tool and can be used as separate components or as part of a holistic approach to assessing and reacting to regulatory requirements.

A.1) KPMG Regulatory Expertise & Governance (REG)

Compares three key regulatory regimes – Model 1 and 2 IGAs and the CRS – with domestic implementation of those regimes to highlight the differences among those regimes and their domestic implementation and the ability to trace back to the regulatory text. This solution saves time and costs by only making changes to your AEOI implementation for any differences and reduces risk by producing an audit trail.

A.2) KPMG System & Architecture Traceability (SAT)

Tool and methodology to help organisations model the inter-connectivity between enterprise architecture, business processes, data, platforms and costs with a view to assess impacts of change quickly.

A.3) KPMG Data, Application & Reporting Traceability (DART)

Provides the user with the ability to model granular data flows across heterogeneous systems and applications. The tool generates visual data lineage reports allowing the user to trace the data from the report back to the data source(s) while identifying upstream dependencies.

B) LINK 360

A web-based application which enables KPMG and organizations to collaborate in real time. This tool has the ability to share, track, monitor and update information across the organization's business units in pursuit of compliance within evolving regulatory requirements. This tool's application for AEOI includes:

B.1) Entity classification

Using the Data Manager application of this tool to capture and store initial entity classification analysis, details of entity registration or ID numbers, and draft self-certification or IRS forms, while at the same time generating reports tracking the status of the classification and registration process.

B.2) Management information dashboard

Creates milestone criteria to establish controls for ongoing documentation requirements, including the Relationship Manager annual certification. For small organizations, this tool can capture and store all on-boarding and remediation information and documents, while generating reports that capture key compliance data.

B.3) KPMG CRS help desk

Provides financial institutions with tax technical advice based upon available statutory and regulatory guidance for FATCA and CRS in 45 jurisdiction around the globe. Provides monthly reports of help desk activity and accepts query submissions via online or telephone.

Client on-boarding and account classification

C) Accelerators and Enablers

Tools to support AEOI compliance which can be used in completing complex documentation and remediation tasks. Designed to provide the detailed process rule sets for organizations as they operationalize the entire AEOI compliance process, these accelerators and enablers facilitate operational efficiency, workflow management, and management insight. We anticipate expanding these accelerators and enablers as new rule sets are released.

C.1) Process flow documents

A sophisticated series of charts aimed at assisting our clients with the practical application of AEOI. These process flows are supported by detailed appendices that explain the logic used and its backing in US and domestic law. These process flow documents specific to client on-boarding and account classification include account holder identification, and financial account identification.

C.2) AEOI documentation checklists

Cure Documentation checklists that assist with the curative documents that must be obtained to overcome any particular indicia of US or non-resident statuses that are found. Also, we offer documentation validation checklists for forms W-8/W-9 and 1042-S that provide clear, comprehensive line-by-line guidelines for reviewing and validating IRS forms W-8/W-9 and 1042-S, ensuring consistent standards.

C.3) Operational procedure manuals

Series of detailed procedures manuals that provide clear guidance on compliance with chapter 3, 4 (FATCA), and 61, as well as compliance with the UK IGA. (For non-KPMG audit clients only).

D) KPMG CRC

Provides a combination of two tools and people trained in process to help remediate customer account status for AEOI regimes. When deployed together, the tools - KPMG RULES and KPMG CASE – provide a way to filter customer information to determine AEOI status and a workflow tool for remediating those customers from whom more information is required.

D.1) KPMG RULES

A solution to aid global organizations implementing AEOI changes by identifying customer's tax residence and FATCA/CRS status in each jurisdiction.

D.2) KPMG CASE

A solution for to aid global organizations implementing AEOI changes by building on the identification capabilities of KPMG RULES and managing the case for each account holder and identifying indicia cases.

E) KPMG COB

Provides a holistic client on-boarding process for FATCA and CRS classification and due diligence that can both on-board new customers and remediate existing customers. This tool identifies contradicting information across unstructured documents as well structured reference data. It also identifies expired documentation and triggers remediation process, and allows the searching of documents with almost any relevant tax or other parameter.

F) KPMG TRIMS

Provides a reporting solution for FATCA and the CRS by providing an interface between client data and the domestic tax authorities. With jurisdictions producing multiple reporting schemata and having differing reporting dates, one solution for multinational organizations is critical.



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Designed by Evalueserve.

Publication name: KPMG Suite of Services: Automatic Exchange of Information (AEOI)

Publication number: 132095

Publication date: March 2015