



KPMG AEOI Updates & Tracking Service CRS Alert



Date:	31 May 2024	Alert Type:	Announcement
Country:	Taiwan	Regime:	CRS

Taiwan: Issued Press Release on Common Deficiencies for CRS Taiwan Contacts:

On 22 May 2024, the Ministry of Finance issued a press release urging Financial Institutions (FIs) to adhere to the "Measures for Financial Institutions to Implement Joint Reporting and Due Diligence Operations." These measures ensure compliance with the international tax information transparency standards and facilitate the automatic exchange of financial account information with the partner countries. Per the Common Reporting Standards (CRS) compliance guidelines issued by international organizations, the Ministry requires regional tax agencies to conduct annual written or on-site inspections of FIs under their jurisdictions on a risk-based basis and address any deficiencies that are identified. In addition, the department compiles key inspection deficiencies in order for FIs to better understand the overall deficiencies in the industry, self-examine the operation process and establish a control mechanism to prevent the problems from recurring.

The Ministry of Finance highlighted a series of deficiencies and provided mitigation steps, as follows:

Internal Procedures: This section highlights the deficiencies in the internal compliance procedures of FIs with CRS, such as

- Failure to establish internal compliance procedures for CRS and relying solely on anti-money laundering procedures or Foreign Account Tax Compliance Act (FATCA) requirements.
- Incomplete operational processes concerning excluded accounts or failure to provide accurate retention period requirements.
- Inadequate review mechanisms for third party reporting.

To address such deficiencies, FIs should develop and integrate detailed internal CRS operating procedures into their internal audit



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projects. FIs should regularly review and update these procedures and conduct ongoing internal education and trainings. In addition, FIs should align the internal filings systems with CRS laws and establish review mechanisms for third-party CRS reporting to ensure accuracy and integrity.

Due Diligence Review: This section highlights the deficiencies faced by FIs in due diligence procedures, including the following:

- Providing self-certification forms only in Chinese, or providing an English version that is difficult to understand.
- Failing to verify valid tax identification codes and the accuracy of self-certifications, with inadequate review procedures.
- Failure to accurately implement due diligence procedures for existing personal high-asset accounts.

To address such deficiencies, FIs should create a bilingual template for self-certification forms or use templates available on the department's website. FIs should publish relevant tax information on the website and incorporate them in their internal CRS operating procedures. In addition, FIs should conduct internal education and trainings on CRS regulations and due diligence requirements to ensure the accuracy of self-certifications documents. FIs should also implement adequate review procedures for high-asset personal accounts, including physical record searches, and identify relationship managers.

Declaration Submissions: This section highlights the deficiencies in reporting of financial account information, including the following:

- Failure to provide declaration documents in accordance with the specified format.
- Failing to report previously identified reportable accounts, focusing only on newly identified accounts from previous years.

To address such issues, FIs should ensure XML files comply with the latest reporting user manual and the file format specifications. FIs should establish verification and review procedures to ensure accuracy and completeness of the information. In addition, FIs should update the reporting systems to include all relevant account details, and supplement any missing reports from prior years.

Reference: [Press Release](#) and [CRS Common deficiencies](#) [PDF 332KB]

For information on KPMG's global AEOI network professionals, please email [GO-FM AEOI Program Support](#).

For more information on KPMG AEOI Updates & Tracking Service, please see [here](#).

For additional summaries of the latest AEOI developments, please visit KPMG's TaxNewsFlash-FATCA/IGA/CRS Insights page, [here](#).

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