



KPMG AEOI Updates & Tracking Service FATCA/CRS Alert



Date:	18 April 2025	Alert Type:	Announcement
Country:	Australia	Regime:	FATCA/CRS

Australia: Released Circular on AEOI Compliance Improvement Areas for Reporting Financial Institutions

On 03 April 2025, the Australian Taxation Office (ATO) issued an email circular outlining the key improvement areas for Reporting Financial Institutions (RFIs) identified as compliance gaps during the ATO's AEOI compliance reviews within the funds management sector.

Concerned about the said FATCA and CRS compliance gaps resulting in poor data quality and incorrect reporting, the ATO recommends that RFIs have a robust and compliant AEOI framework in place to avoid increased scrutiny from the ATO and potential administrative penalties. RFIs are strongly encouraged to self-assess their compliance using the ATO's toolkit (found [here](#)), proactively address any identified compliance gaps, and voluntarily disclose them to the ATO, as applicable.

In addition, the ATO recommended the following areas for RFIs to improve AEOI compliance:

AEOI Governance:

- **Third-party service providers (TPSPs):** RFIs must ensure that any outsourced AEOI obligations are effectively managed by TPSPs and that an adequate level of assurance for compliance is obtained.
- **Responsibilities:** RFIs and TPSPs should have clearly assigned and documented responsibilities for AEOI obligations, including oversight, monitoring, and compliance performance. Both parties must understand each other's responsibilities and establish clear lines for escalation.
- **Controls:** RFIs must implement and regularly review effective controls to manage AEOI risks and data.
- **Staff Capability:** RFIs must ensure that the day-to-day operations and management of AEOI obligations are well understood.

Australia Contacts:



Alexander Graham
Partner, Consulting
agraham@kpmg.com.au



Mervyn Poon
Director, Consulting
mpoon1@kpmg.com.au

Due Diligence:

- **Documentation:** RFIs and TPSPs should maintain comprehensive and compliant documented due diligence procedures. Incorrect reliance on 'foreign indicia' can result in over-reporting and incorrect information exchange.
- **Self-Certifications:** RFIs must ensure that all tax residency forms from RFIs, TPSPs, and advisors/brokers comply with OECD guidelines, including correct TIN reason codes, and that required information is promptly obtained and positively affirmed by the client.
- **Reasonableness testing:** Self-certifications must be tested for validity and reasonableness, with documented procedures in place.
- **Change in circumstances:** RFIs must ensure that all Change in Circumstance events trigger due diligence.

Reporting and Data Quality:

- **Quality Control:** RFIs must review quality controls over pre-lodgment data in CRS and FATCA reports, and assurance of these controls should be obtained from TPSPs.

Furthermore, the ATO notes that its focus for the next twelve months includes a deep dive into FIs that are not reporting or are unaware of their AEOI obligations. The ATO will undertake various compliance activities, including comprehensive, issue-specific, and early engagement reviews, along with questionnaires across all sectors. Data analytics and matching will also be used to enhance the completeness and quality of reported data.

Reference: An email containing the information above was circulated by the Australian Taxation Office to all subscribers. For further information, please reach out to CRS@ato.gov.au.

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](#).

Contact us



Laurie Hatten-Boyd
Principal

T: +1 206 -213- 4001
E: lhattenboyd@kpmg.com



Kelli Wooten
Principal

T: +1 404 739 5888
E: kwooten@KPMG.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



kpmg.com

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS010555-1A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.