



KPMG AEOI Updates & Tracking Service CRS Alert



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Luxembourg: Released Updated CRS FAQs

On 29 October 2025, the Luxembourg Tax Authority (ACD) released an updated version of its Frequently Asked Questions (FAQs) related to the amended law of 18 December 2015 on the Common Reporting Standard (CRS) (found [here](#)). The key updates are as follows:

— Section 2 – Financial Institutions (FIs):

A new question (2.7) has been added regarding whether the Interest Withholding Tax Office (SRI) must be notified in the event of a change in entity status under the CRS Law.

Luxembourg Reporting Financial Institutions (RFIs) are required to notify the SRI of any entity status changes impacting their reporting obligations. This notification must be submitted before the annual reporting deadline of 30 June following the reporting year.

Notifications should be sent to aeoi-compliance@co.etat.lu and must include the following details:

- The entity's new CRS status;
- The facts and circumstances that led to the change in status; and
- The reporting year from which the new status takes effect.

Additionally, RFIs are advised to provide evidence that the revised entity status was communicated in a timely manner to all relevant financial intermediaries. This ensures that the change in status does not result in the non-reporting of reportable accounts for the relevant reporting year.

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— **Section 4 – Due Diligence:**

A new note has been added to question 4.4 regarding the specific procedures for collecting and validating self-certifications when opening new accounts.

The note clarifies that, to demonstrate compliance with this due diligence requirement, commonly referred to as the “Day 2 procedure”, Luxembourg RFIs must:

- Record the date on which the information was collected or processed on the relevant documents; and
- Maintain appropriate evidence in the client file confirming that due diligence was performed in cases where the 90-day deadline was exceeded.

— **Section 5 – Declaration / Reporting:**

Question 5.5, which addresses the procedure to follow when a RFI does not have a Luxembourg tax identification number (NIF), has been updated.

The revision specifies that reports should be submitted at the legal entity level, referred to as the umbrella level.

Additionally, the following new Sections 6 and 7 have been added to the FAQs.

— **Section 6 – Retention / Archiving Obligation:**

- **Question 6.1 addresses the retention obligations of RFIs as prescribed in Article 2(1) of the CRS Law.**

Luxembourg RFIs must retain comprehensive records of the following:

- Client files and valuations of financial positions held by account holders;
- The register of actions undertaken;
- Copies of written procedures and policies;
- Copies of submitted CRS reports and the corresponding feedback from the ACD confirming proper submission for the relevant reporting year; and
- Any additional supporting evidence demonstrating adherence to reporting and due diligence obligations.

If due diligence and/or reporting obligations are outsourced to service providers, the Luxembourg RFI remains responsible for ensuring these obligations are fulfilled. RFIs must also retain evidence of the work performed by service providers, as well as

documentation of their own review and assessment of such work.

- Question 6.2 clarifies that RFIs must keep copies of all CRS reports submitted to the ACD, including new, amended, cancelled, or corrected reports.

- **Section 7 – Compliance with the obligations under Article 2(1) of the CRS Law:**

Question 7.1 describes the required contents of the register of actions taken. While no specific format is mandated, RFIs must log all actions during the reporting year, including:

- Updates to written procedures and policies, with a brief description of the changes;
- Strategic decisions impacting CRS implementation;
- Deficiencies identified through internal or external audits, along with the corresponding corrective actions;
- Incidents discovered during due diligence and/or reporting processes, and the corrections made;
- Feedback received following notifications issued to individuals;
- Training sessions conducted; and
- Reviews of service providers' compliance, including a description of the controls performed and the results obtained.

- **Questions 7.2 outlines the compliance checks performed by the SRI for CRS and FATCA, including:**

- **Classification checks:** These aims to identify Luxembourg RFIs by assessing whether an entity has adopted a status that aligns with its activities.
- **Thematic checks:** These are focused reviews on specific issues related to due diligence and/or reporting procedures, identified during a reporting year.
- **In-depth checks:** These are comprehensive reviews designed to evaluate RFIs' compliance with all due diligence, reporting, and record-keeping obligations.

- **Questions 7.3 details the procedure for in-depth audits by SRI.**

The SRI will notify the RFI by regular mail that it will be subject to an in-depth audit. The RFI must respond within six weeks by providing:

- Written procedures and policies;
- A description of IT systems;
- A register of actions undertaken.

Additionally, the RFI must submit a list of Financial Accounts maintained during the review period (typically covering three reporting years), using the predefined SRI format. This list should include reported, non-reported, and excluded accounts.

After the initial six-week deadline, the SRI will schedule a preliminary interview at the RFI's premises to:

- Present the audit process;
- Receive an overview of the RFI's activities in Luxembourg, including services and products offered;
- Understand how the list of Financial Accounts was extracted to ensure accuracy and completeness.

The audit will proceed with a series of interviews conducted over one to two days at the RFI's premises. These interviews will focus on assessing the RFI's implementation of CRS and FATCA during the review period, with the aim of determining whether adequate due diligence, reporting, and record-keeping procedures are in place. This will be followed by an information-gathering phase lasting two to four weeks, which will include an on-site review of client files and the IT systems.

Finally, the SRI will issue a conclusion report summarizing its observations, along with a letter of recommendation outlining the required actions.

Reference (French): [CRS FAQs](#) [PDF 806KB]

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