KPMG AEOI Updates & Tracking Service CRS Alert

Date:	19 November 2025	**Alert Type:**	Document
Country:	United Kingdom	**Regime:**	CRS
Document Type:	Guidance		

United Kingdom: Updates Issued to the International Exchange of Information Manual to Reflect the OECD's CRS 2.0

On 06 November 2025, His Majesty's Revenue and Customs (HMRC) in the United Kingdom updated its International Exchange of Information Manual (IEIM) to incorporate provisions from the International Tax Compliance (Amendment) Regulations 2025 (found here). These updates reflect the OECD's revised Common Reporting Standard (CRS 2.0), which is scheduled to take effect from 01 January 2026. Key updates to the IEIM includes:

- **Enhanced Reporting Obligations (IEIM402005)**:

  Starting with the 2026 reporting year, Reporting Financial Institutions (RFIs) will be required to submit additional information, including:

  - Confirmation of valid self-certifications obtained for account holders and Controlling Persons of reportable accounts.
  - Details on the roles of Controlling Persons for Entity Account Holders.
  - Details regarding the roles of Equity Interest Holders in Investment Entities that are legal arrangements.
  - Indication of whether the account is a joint account and, if so, the number of joint account holders.
  - Details of the financial account type, such as Depository Account, Custodial Account, Equity or Debt Interest, or Cash Value Insurance Contract.

United Kingdom Contacts:

Peter Grant
Partner
Peter.Grant@KPMG.co.uk

Rohini Sanghani
Partner
Rohini.Sanghani@KPMG.co.uk

  - Classification of the account as either a Pre-existing Account or a New Account.

    For CRS 2.0 purposes, an account is considered a New Account if it is opened on or after 01 January 2026 (IEIM403120).

- **Enhanced Due Diligence Requirements:**
  - **Reasonable Efforts to Obtain (IEIM402320):**

    RFIs must make reasonable efforts to obtain Tax Identification Numbers (TINs) and dates of birth (DOB) for reportable Pre-existing Accounts whenever they update account information under Anti-Money Laundering/Know Your Customer (AML/KYC) procedures.

  - **Jurisdiction of Residence (IEIM402015 and IEIM403460):**

    Effective 01 January 2026, account holders—both individuals and entities—who are tax residents in more than one jurisdiction will no longer be permitted to rely on tie-breaker rules to select a single jurisdiction. Instead, they must declare all jurisdictions of tax residence when completing self-certifications.

    In line with this change, RFIs:

    - are not required to conduct legal analysis to determine the applicability of tie-breaker clauses.
    - are not obligated to revisit due diligence completed before 01 January 2026, unless there is a change in circumstances.

- **Expansion of the Scope of Reportable Financial Assets (IEIM400650):**

  Under CRS 2.0, income earned by Custodial Institutions, including commissions and fees for holding, transferring, or exchanging Relevant Crypto-Assets in custody, is treated as a reportable financial asset.

- **Expansion of Reporting Entities (IEIM400740):**

  Entities that hold Specified Electronic Money Products (SEMP) or Central Bank Digital Currencies (CBDCs) on behalf of customers will now be classified as Depository Institutions.

  In line with this change, the definition of Depository Accounts (IEIM401560) has been expanded to include:

  - Accounts representing all SEMPs held for a customer.
  - Accounts holding one or more CBDCs.

- **Excluded Accounts from Reporting Obligations:**
  - **Depository Accounts (IEIM401875):**

    A Depository Account representing SEMPs may qualify as an Excluded Account, and therefore be non-reportable, if it meets a specific threshold criterion. Specifically, during any 90-day period within the relevant reporting year (or any other applicable reporting period), the average daily balance of the account must not exceed USD 10,000 on any day within that period.
  - **Capital Contribution Accounts (IEIM401885):**

    Capital contribution accounts will now be classified as Excluded Accounts, provided the following conditions are met:
    - The account is used exclusively to hold funds intended for the legal foundation or capital increase of a company.
    - The funds remain blocked until the RFI receives confirmation of the company's formation or capital increase.
    - Once the company is formed or the capital increase is completed, the account is either closed or converted into an account in the company's name.
    - If the company formation or capital increase fails, any refunds—after deducting service provider fees—are made only to the original contributors.
    - The account must have been opened no more than 12 months ago.
- **Non-Reporting Financial Institutions (NRFIs):**
  - **Qualified Non-Profit Entity (QNPEs) (IEIM400995):**

    Effective 01 January 2026, UK Financial Institutions (FIs) operating as non-profit organizations may be classified as QNPEs and treated as NRFIs under CRS.

    However, non-profit organizations that are classified as Active Non-Financial Entities (NFEs) or Passive NFEs will not qualify as QNPEs.

    To qualify as a QNPE, the entity must meet the criteria in sub-paragraph D(9)(h) of Section VIII of the OECD's CRS (found here) and satisfy one of the following:
    - Be registered as a charity with:
      - The Charity Commission of England and Wales,

    - The Office of the Scottish Charity Regulator, or
    - The Charity Commission for Northern Ireland; or
  - Be registered with HMRC for charitable tax purposes or as a Community Amateur Sports Club.

  From 01 January 2026, QNPEs may deregister from HMRC's Automatic Exchange of Information (AEOI) service. Entities that have never registered because they have never held Reportable Accounts are not required to register by 31 December 2025.

- **Qualified Credit Card Issuers (QCCIs) (IEIM400970):**

  Starting 16 July 2025, UK FIs that meet the requirements in Section VIII(B)(8) of the OECD's CRS and have implemented the necessary policies and procedures by the end of the calendar year preceding the reporting year, will be classified as QCCIs and treated as NRFIs.

- **Government Entities (IEIM400930)**:

  Government entities, such as the government of a jurisdiction, any of its political subdivisions, and any agency or instrumentality wholly owned by the government or its subdivisions, are generally treated as NRFIs, except when:

  - They receive payments related to commercial financial activities similar to those conducted by Specified Insurance Companies, Custodial Institutions, or Depository Institutions.
  - They maintain CBDC accounts for account holders other than FIs, Government Entities, International Organizations, or Central Banks (effective 01 January 2026).

- **Trustee-Documented Trusts (TDTs) (IEIM400990)**:

  Although classified as NRFIs, TDTs must register with HMRC's AEOI service by 31 December 2025, or 31 January following the year in which they first qualify as a TDT for FATCA or CRS purposes. This requirement ensures HMRC has full visibility of TDTs, as trustees have due diligence and potential reporting obligations for the trusts they manage.

  Since TDTs are not required to register with the U.S. Internal Revenue Service (IRS) for FATCA purposes, they typically do not have a Global Intermediary Identification Number (GIIN). Therefore, for HMRC registration, they must use the default GIIN: 000000.00000.LE.000.

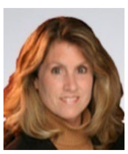
Reference: International Exchange of Information Manual

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.