KPMG AEOI Updates & Tracking Service FATCA/CRS Alert

Date:	15 July 2026	Alert Type:	Announcement
Country:	Malta	Regime:	FATCA/CRS

Malta: Issued Circular Outlining Findings from the 2026 CRS/FATCA SCQ Exercise

On 22 June 2026, the Malta Tax and Customs Administration (MTCA) issued a circular outlining the findings arising from the CRS/FATCA Annual Self-Compliance Questionnaire (SCQ) exercise conducted in the first quarter of 2026. This exercise forms part of the MTCA's ongoing compliance monitoring process to assess Financial Institutions' (FIs) adherence to their CRS and FATCA obligations (see here for a brief KPMG alert regarding the commencement of SCQ exercise).

While the MTCA recognized a general awareness of CRS and FATCA obligations among FIs, it identified areas where FIs need to strengthen their compliance frameworks. Accordingly, the circular sets out the MTCA's supervisory expectations as follows:

— **Governance Frameworks:**

The MTCA observed that governance frameworks are not yet consistently formalized or embedded across all FIs. While 79.18% of respondents reported having CRS/FATCA policies in place, 83.40% confirmed that they have a CRS/FATCA training process for relevant staff. However, the MTCA does not consider these figures sufficient evidence that governance arrangements are robust, up to date, and consistently applied across all FIs.

As part of its supervisory expectations, the MTCA advises FIs to maintain governance frameworks that are up to date, adequately documented, and properly embedded within their operations. This is necessary to mitigate the risks of inconsistent compliance, weak oversight, and errors in the handling of more complex cases.

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Accordingly, FIs must maintain documented CRS/FATCA policies and procedures covering governance responsibilities, account classification, self-certification procedures, due diligence, reporting, record retention, and staff training. Training should be provided on an ongoing basis as part of the FI's compliance framework rather than being treated as a one-time exercise.

— **Operational Controls and Oversight:**

The MTCA identified several operational areas requiring closer attention, particularly the significant reliance on third-party service providers for performing one or more CRS/FATCA functions, as reported by 44.53% of respondents. Additional areas of focus include inconsistent review practices, with a significant number of FIs reporting either ad hoc reviews or the absence of a formal review cycle. The MTCA also highlighted controls relating to excluded and pre-existing accounts, as well as higher-risk customer categories, such as Citizenship-by-Investment and Residency-by-Investment (CBI/RBI) participants.

The MTCA reminds FIs that, even where CRS/FATCA functions are outsourced, ultimate responsibility for compliance remains with the FI. Accordingly, FIs must exercise effective oversight of third-party service providers through the clear allocation of responsibilities, appropriate contractual arrangements, ongoing monitoring of service delivery, and the timely escalation and remediation of deficiencies.

FIs must also implement structured review procedures for account holder information, including processes to identify and respond to changes in circumstances. In addition, FIs should maintain enhanced review procedures and supporting documentation for cases involving higher-risk factors, such as CBI/RBI exposure, or complex account classifications.

Reference: Announcement

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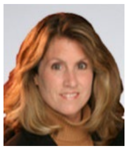

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