



Information Reporting & Withholding Tax Services

**Addressing reporting tax risk
and compliance concerns**



Compliance with global tax reporting procedures is becoming increasingly complex and costly. Companies that fail to comply with current rules may run the risk of exposure to penalties or the potential to alienate their clients.

This complexity arises particularly due to the need to comply with requirements authored by multiple taxing authorities. As a means of fighting tax evasion, the Organisation for Economic Co-operation and Development (OECD) approved on July 15, 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (commonly referred to as the Common Reporting Standard (CRS)).

CRS was inspired by the U.S. provisions commonly known as the Foreign Account Tax Compliance Act (FATCA) and the overarching structures of these regimes are fairly similar. In particular, both FATCA and CRS require financial institutions to collect and report to governmental bodies certain information regarding the holders, including both individuals and entities, of the reportable accounts maintained by such financial institutions. In order to meet these requirements, financial institutions must not only review their existing customer base but also implement onboarding procedures sufficient to identify new reportable accounts.

Although similar in structure, the scope of information required to be collected and reported under CRS is much broader than that required under FATCA for several reasons. First, whereas FATCA focuses specifically on accounts held directly or indirectly by U.S. persons, CRS covers account holders from nearly 100 different jurisdictions around the world. Second, CRS has not adopted FATCA's exemption for low-value individual accounts. Third, CRS generally requires financial institutions to report a broader range of information with respect to each reportable account.

Financial institutions subject to CRS also face more complex implementation issues due to the multilateral nature of the regime. While CRS, as released by the OECD, provides a clear baseline, each participating jurisdiction may implement CRS with variations from the OECD's standard model. Financial institutions must not only be aware of these variations, but also take them into account when designing and implementing CRS-compliant systems and procedures.

United States and the CRS

Since the United States has not signed on to CRS and is not expected to do so in the near future, U.S. financial institutions are not required to comply with the due diligence and reporting obligations mandated by CRS. However, U.S. entities still remain affected by CRS to the extent: (1) a U.S. entity has foreign branches or subsidiaries in CRS jurisdictions that are required to comply with CRS due diligence and reporting requirements; or (2) a U.S. entity holds a financial account with a financial institution in a CRS jurisdiction requiring it to identify its CRS status and controlling persons.

How can KPMG help?

KPMG LLP's (KPMG) Information Reporting & Withholding Tax Services practice offers a wide range of information reporting consulting services to help companies comply with U.S. and foreign reporting regimes. Our team of professionals has extensive experience, with backgrounds ranging from work at the Department of the Treasury, IRS Office of Chief Counsel, and the OECD, to major financial institutions both in the United States and overseas. Our team includes members of our highly experienced Washington National Tax practice who have served as primary drafters of the CRS, FATCA Intergovernmental Agreements, FATCA regulations, and Chapter 3 regulations. These team members monitor the ever-changing tax landscape and provide valuable insight into the current guidance. Meanwhile, our tax professionals help clients implement the rules in the most efficient manner.

We draw upon dedicated resources from KPMG's international network of member firms to provide technical tax and advisory services to non-U.S.-based companies. This network includes professionals trained in home-country withholding and reporting regimes in relation to cross-border investments, enabling us to offer tax consulting services that address the withholding tax implications for investments in markets around the world.

Tax Consulting Services

Our professionals offer consulting services aimed at helping you achieve compliance with FATCA and CRS requirements for both financial and nonfinancial companies located within and outside the United States.

FATCA and CRS tools and implementation enablers

KPMG offers tools and enablers that are available to be used independently or together to facilitate FATCA and CRS compliance.

Automated tools include:

- KPMG AEOI Reporting Tool
- KPMG AEOI Updates & Tracking Service.

Enablers include:

- KPMG impact assessments
- KPMG compliance tax guides and associated charts
- KPMG operational charts and process flows
- KPMG operational toolkits and checklists for CRS implementation
- KPMG onboarding and remediation checklists.

Information Reporting News Service

Tax information reporting regulations and forms are regularly evolving and can be subject to changing interpretation. To help our clients stay informed, KPMG professionals closely monitor topical developments on a daily basis and provide a timely, electronic news service that alert recipients to these changes and developments.

Global coverage through KPMG network

Foreign tax jurisdictions have each produced (or will produce) their own guidance regarding the implementation of FATCA and CRS, including, in many cases, their own self-certification forms and reporting schemas. Through our network of international member firms, KPMG can advise you on the application of these varied rules and procedures within each country while helping you implement a consistent global approach.

Tax training

Issues regarding compliance with information reporting rules can affect your company's tax professionals, operational staff, internal audit, and regulatory and compliance departments. To help your staff achieve the requisite level of understanding, KPMG has created training courses for both U.S. and non-U.S. companies that can be tailored to your business needs and your staff's responsibilities.

Tax reporting assistance

The preparation and filing of information returns can be a time-consuming process, with the potential for costly compliance errors. Our professionals can provide various levels of assistance aimed at reducing the operational burden and mitigating the risk of error. Assistance can be as basic as providing spreadsheet templates to facilitate completion of the forms to our complete co-sourcing model where KPMG converts your raw data, migrates the data to the appropriate format, and files with the local taxing authority on your behalf.

Why turn to KPMG?

We believe that our professionals are distinctly positioned to serve your tax information reporting and withholding needs because:

- **We are experienced.** Our professionals have technical and industry experience, as well as experience working with the IRS, and an extensive understanding of laws and how they are to be applied.
- **We understand your needs.** Our experience gained in operational tax departments in the United States and overseas allows us to appreciate your business issues and provide practical approaches to your tax compliance requirements.
- **We understand the process.** Our professionals have advised many companies on the development, enhancement, and implementation of information withholding and reporting regimes including FATCA, CRS, CDOT, Chapter 3, and Chapter 61.

Contact us

To learn more about KPMG's Information Reporting & Withholding Tax Services, contact one of the professionals listed below or visit read.kpmg.us/irw.

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