

REGULATORY UPDATE

Common Reporting Standard and Due Diligence for Financial Account Information

For the purposes of the automatic exchange of information instituted on the Exchange of Information on Tax Matters Law (Law no. 15/2017), the Macau Chief Executive issued dispatch no. 211/2017 (hereinafter the “Dispatch”), in which it approves the “Common Reporting Standard and Due Diligence for Financial Account Information”.

The Dispatch has become effective on the 1st of July 2017.

1. Scope of Application

The Common Reporting Standard and Due Diligence for Financial Account Information regulates the general requirements and due diligence procedure applicable to every reporting financial institution with regards to the automatic exchange of financial account information with other participant jurisdictions.

1.1 Request of information upon request

Regarding reportable accounts, all financial institutions should report the following information to the Finance Department of Macau (“DSF”):

- Name, address, jurisdiction(s) of residence, TIN (tax payer identification number), and in case of individuals, the date and place of birth; the bank account number;
- Name and number of the fiscal identification of the declaring financial institute;
- Balance and amount of the bank account (including, insurance contracts or income contracts, the cash value or redemption value);

2. Report of information’s deadlines

Type of financial account identified as a reportable account	Year to report information		
New financial accounts opened from the 1st of July 2017 and maintained by the financial institutions	2018		
	High Value Individual Accounts	Lower Value Individual Accounts	Entity Accounts
Preexisting Financial Accounts maintained by the financial institutions on the 30th of June 2017	2018	2018 or 2019, depending on the date that the financial accounts are identified as reportable accounts	2018 or 2019, depending on the date that the financial accounts are identified as reportable accounts

3. Regime

The Common Standard on Reporting and Due Diligence for Financial Account Information delineates the due diligence procedure that must be followed by financial institution to identify reportable accounts.

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3.1 Due Diligence for Preexisting Individual Accounts

3.1.1 Lower value account

The term lower value account is defined as a preexisting individual account with a balance or value that exceeds MOP 8,000,000.00 as of 30th of June 2017 or 31st of December 2017 or as of the 31st of December of any subsequent year.

Reporting financial institutions shall examine all electronically searchable data for any of the following indicia:

- i) identification of the account holder as a resident for fiscal purposes in a foreign jurisdiction;
- ii) postal address or current residence in a foreign jurisdiction;
- iii) foreign jurisdiction telephone number;
- iv) permanent transfer orders. Conversely, if there is no detection of any of the abovementioned indicia in the electronic search conducted by the financial institution, the same institution is waived from any further action until further alteration of circumstances.

3.1.2 Enhanced review for high value accounts

A high value account consists of a preexisting individual account with a balance or value that exceeds MOP 8,000,000.00 as of 30th of June 2017 or 31st of December 2017 or as of the 31st of December of any subsequent year.

Reporting financial institutions shall execute an electronic search, of the following information, regarding high value bank:

- i) the status of residency of the account holder;
- ii) telephone number;
- iii) the possible existence of a permanent transfer orders from that account to another account, including an account in another branch of the reporting financial institution or in another financial institution.

If the electronic database does not contain all the required information, the reporting financial institution shall also analyze the customer main file of the last five years, namely: the most recent supporting documents, account opening agreement, documentation obtained under the anti-money laundering procedure/ know your client procedure or other regulatory purposes, valid power of attorney or signature or any valid permanent transfer orders.

Moreover, if any of the abovementioned indicia is detected, the financial institution must treat the account holder as resident for tax purposes of a foreign jurisdiction.

The analysis of high value preexisting individual account should be concluded by the 30th of June 2018 and the analysis of lower value preexisting individual account should be concluded on the 30th of June 2019.

3.2 Due Diligence for New Individual Accounts

For new individual accounts, the reporting financial institution must obtain a self-certification in a period of 90 days.

If the self-certification establishes that the account holder is a resident for tax purposes in a reportable jurisdiction, the reporting financial institution must treat the account as a reportable account.

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3.3 Due Diligence for Preexisting Entity Accounts

i) Entity Account not required to be reviewed, identified or reported: a preexisting entity account with an account balance or value that does not exceed MOP2,000,000.00 on the 30th of June 2017 will not be reviewed, identified or reported until the balance or the account value exceeds the said amount on the 31st of December 2017 or the last day of any subsequent years.

ii) Entity Account subject to review: a preexisting entity account with an account balance or value that exceeds MOP2,000,000.00 on the 30th of June 2017, as well as any preexisting account which, on the 30th June 2017, does not exceed the said amount but it exceeds MOP 2,000,000.00 on the 31st of December 2017 or the last day of any subsequent year.

iii) Review procedures for identifying entity accounts with respect to which reporting is required: reporting financial institutions should analyze information obtained under the anti-money laundering procedure/ know your client procedure or other regulatory purposes, self-certification, to determine whether: the account holder is a passive NFE (non-financial entity) with one or more individuals controlling the same account. If one of the individuals is a reportable person, the account should be treated as a reportable account.

The analysis of preexisting entity account with an account balance or value that exceed MOP 2,000,000.00 on the 30th of June 2017 should be concluded on the 30th of June 2019.

The analysis of preexisting entity account with an account balance or value that does not exceed MOP 2,000,000.00 on the 30th of June 2017, but it exceeds MOP 2,000,000.00 on the 31st of December 2017 or the last day of any subsequent year, should be concluded on the subsequent year.

3.4 Due Diligence for New Entity Accounts

For New Entity Accounts, the reporting financial institution must determine whether the account is held by one or more reportable persons, or by passive NFEs (non-financial entities) with one or more controlling persons who are reportable persons.

3.4.1 Review procedures

To determine whether an entity is a reportable person, the reporting financial institution shall obtain a self-certification in a period of 90 days, which allows the reporting financial institution to determine the account holder's residence(s) for tax purposes.

Should you have any queries, please do not hesitate to contact us at mdme@mdme.com.mo or:



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