



REPUBLIC OF CYPRUS

Automatic Exchange of Information CRS/DAC2

Clarifications for correct completion of the XML file

The Tax Department, after conducting on-site and desk audits of Financial Institutions (FIs) to examine their compliance with the reporting and due diligence procedures as defined in the relevant CRS/DAC2 legislation, draw the attention of FIs to the following:

1. Information declared in CRS reports must be checked and confirmed both for its correctness and for being real (not fake) and in accordance with XML Schema specifications as well as relevant legislation of CRS reports. FIs should pay attention to the details that they are being filled electronically by their customers during self-certification. FIs must have appropriate systems in place to ensure that the information provided belongs to the Account Holder.
2. The term "non-documented account" as defined in the relevant CRS legislation refers **only** to pre-existing accounts (existing until 31/12/2015) and not to new accounts (opened after 1/1/2016).
3. During the due diligence procedures for new accounts, in case that a valid self-certification is not obtained, the FI must proceed with the closure or freezing of the account after the expiry of 90 days.

In case of freezing the accounts, it is recommended that the FI states in the "Warning" field in an additional XML file that will be prepared for each jurisdiction, that all the accounts included in this specific file are frozen. In addition, it is recommended the FI to mention in the name of the XML file that it concerns frozen accounts in order to avoid any confusion with the XML file that will include the remaining accounts.

4. In the XML Schema, the Tax Identification Number (TIN) field appears as Optional - Mandatory. This means that the TIN is **mandatory** to be reported for the new accounts. For pre-existing accounts, the TIN is declared to the degree (Optional) held by the FI. It is noted, that the FI must make reasonable efforts to collect the TIN before the end of the second calendar year following the year in which the account was registered as reportable. FIs are requested to keep records regarding the reasonable efforts they have made to collect the TIN. It is recommended that FIs visit the OECD website to validate TIN for each jurisdiction: (<https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>)
5. In the XML Schema the address field 'Address Fix' should be used for all CRS reports, unless the FI does not hold all the address details of the account holder. However, in cases where the FI uses the "Address Free" format, the City field is mandatory and has to be reported. It is noted that this option should only be used

when the data cannot be presented in the 'Address Fix' format. In case all address details are available to FI, the address must be as complete as possible.

6. In the XML Schema the Account holder's "Date of birth" field is declarable for all new accounts. Regarding Pre-Existing Accounts, it is reportable only to the extent that it already exists in the records maintained by FI.
7. In cases where the balance or value of the account is zero or negative, the FI should report in the XML Schema, as zero account balance or value.
8. For the determination whether a joint account is a Reportable Account, each joint holder is treated as an account holder. An account is a reportable account if any of the account holders is a reportable person or a passive NFE with one or more controlling persons who are reportable persons. When more than one reportable person is a joint holder, each reportable person is treated as an account holder and is attributed the **entire** balance or value of the jointly held account, as well as the entire amounts paid or credited to the joint account.
9. In the cases where FI ceases to be active and is de-registered by the Competent Supervisory Authority to which it is a member as well as by the Registrar of Companies, it must also request the deactivation of its registration through the "Ariadni" Portal of the FATCA/CRS/DAC2 e-service so that it will not have to submit any XML files. It is noted that, the deactivation of the "Ariadne" portal does not imply automatic deactivation of the registration of the FATCA/CRS/DAC2 e-services. The FI should first request de-activation from the FATCA/CRS/DAC2 e-services, and after that, if desired, to request de-activation from the "Ariadni" portal.
10. Regarding the correct FATCA/CRS filing procedure please note that:
 - For submissions until June 30 concerning the immediately preceding tax year, only the last submission per country is taken into account and if it is valid and then it is forwarded to the country concerned.
 - For submissions concerning the immediately preceding tax year and made after June 30, the last submission per country and per day is taken into account and if it is valid, then it is forwarded to the country concerned.
 - For submissions concerning previous tax years, the last submission per country and per day is taken into account and if it is valid, then it is forwarded to the country concerned.

Finally, we inform FIs that the Tax Department reserves the right to impose penalties and sanctions if it is found that the FIs do not follow correct reporting and due diligence procedures as provided in the relevant CRS/DAC2 legislation.

Tax Department

5/12/2022