Customer transparency and tax information reporting. EU FATCA and other recent developments

21 April 2015

Koen Marsoul
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Background</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>FATCA</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Common Reporting Standard (CRS)</td>
<td>14</td>
</tr>
<tr>
<td>3.1</td>
<td>Standard for Automatic Exchange of Financial Account Information</td>
<td>19</td>
</tr>
<tr>
<td>3.2</td>
<td>Key Obligations of Financial Institutions under the CRS</td>
<td>24</td>
</tr>
<tr>
<td>3.3</td>
<td>CRS Implementation</td>
<td>29</td>
</tr>
<tr>
<td>4</td>
<td>Revised Administrative Cooperation Directive (DAC2)</td>
<td>31</td>
</tr>
<tr>
<td>5</td>
<td>Belgian implementation law</td>
<td>35</td>
</tr>
<tr>
<td>6</td>
<td>Repeal of the EU Savings Directive</td>
<td>39</td>
</tr>
</tbody>
</table>
Section 1

Background
Current exchange of information regimes

- FATF – Financial Action Task Force on money laundering
- EU Savings Directive (EUSD) [To be repealed by the EU ECOFIN in April/May]
- US QI system and FATCA
- Final withholding tax agreements
- Double Taxation Conventions (DTC)/Tax Information exchange Agreements (TIEA)
- Breadth of national measures
- OECD Common Reporting Standard (CRS)
- EU Directive on Administrative Cooperation in the field of direct taxation (DAC2)
Background

► Combating tax evasion has become a top priority for many governments exposed to budgetary concerns
► Several recent high profile cases involving FIs accused of assisting their clients in evading their domestic tax obligations and data published concerning wealth held offshore fuelled the debate
► Society increasingly demands transparency regarding effective contribution of companies and individuals to the national budgets
► As tax evasion often involves the use of offshore accounts, there is a general consent that the most effective way of tackling tax evasion is expanded information reporting on a multilateral and automated basis by foreign Financial Institutions
► Double tax treaties often use the lowest common denominator principle and permit countries which are important offshore banking locations to preserve bank secrecy limitations
► Initiatives to increase tax information exchange such as the EU Savings Directive, the Qualified Intermediary regime, and expanded information exchange provisions in tax treaties carry significant scope limitations
► Countries competing for offshore business
The long road to global exchange of information

- 2001: US concludes QI agreement with 5,500 banks worldwide
- 2005: EU interest taxation
- 2006: EU Savings Directive (EU) amending proposal announced
- 2007: FATCA signed into US law
- 2008: FATCA IGAs
- 2009: EU Savings Directive (EU) amending proposal announced
- 2010: First final withholding tax agreements
- 2011: EU5 endorses FATCA as blueprint and OECD publishes report
- 2012: EU adopts the CRS via Directive for Administrative Assistance
- 2013: G20 approves OECD Common Reporting Standard
- 2014: UBS enters into a Deferred Prosecution Agreement, pays $780m and discloses 4,450 sets of client data
- Bank Wegelin indicted

Customer transparency and tax information reporting
Section 2
FATCA
FATCA - tax information exchange revolution

| What is FATCA? | • Foreign Account Tax Compliance Act  
|                | • Adopted as a part of the Hiring Incentives to Restore Employment (“HIRE”) Act on March 18, 2010  
|                | • Broad reporting and withholding regime designed to improve tax compliance of US persons with financial assets offshore |
| How?           | • Foreign Financial Institutions (FFI) are required to report certain information on assets held by US taxpayers to the Internal Revenue Service (IRS) / local tax authorities  
|                | • FFIs not complying with the FATCA provisions are subject to a 30 % withholding tax on certain US sourced payments  
|                | • Compliance required at group level (expanded affiliated group concept) |
| Why?           | • Use of foreign financial institutions and foreign entities by US taxpayers to evade US tax  
|                | • The QI-regime had proven not entirely successful, as under the QI-regime, it is possible to set the scope such that US clients are not captured by:  
|                | • Holding securities pertaining to certain clients on a NQI account – please note that NQI’s also have reporting obligations but these obligations are not reinforced through external audits;  
|                | • Setting up (offshore) private holding companies for US persons to escape reporting to the IRS – this is because those companies will be put forward as the beneficial owners of the relevant income  
|                | • Preventing US persons from holding US securities  
|                | • Withholding tax is not an objective but a sanction for non-compliance |
| When?          | • Effective start date: July 1, 2014  
|                | • Phased introduction: some obligations will only have to be completed in a later stage |
How FATCA works?

► FATCA is the reporting and withholding regime adopted by the United States

► A cornerstone for FATCA is that financial institutions identify US persons for whom they maintain accounts, either directly or indirectly (i.e. via passive legal entities).

► There are two approaches to FATCA
  1. Intergovernmental agreements (IGAs)
     ► IGAs are entered into between governments and make FATCA compliance a legal requirement in contracting countries.
  2. Foreign Financial Institution (FFI) agreements
     ► For those jurisdictions that have not entered into an IGA, financial institutions must enter into an FFI agreement with the IRS
Belgian IGA (Model 1)

Belgian IGA was signed on 18 March 2014.

Relevance for the Belgian financial industry:

- Mandatory regime applicable in Belgium to Belgian Financial Institutions and branches of Foreign Financial Institutions located in Belgium
- The IGA permits to use more beneficial rules under the final FATCA regulations or from other IGAs

Final Regulations

Final FATCA regulations released on 17 January 2013, modified by the technical corrections and notices issued since.

Relevance for the Belgium financial industry:

- Does not apply to Belgian financial institutions per se. However, it is mandatory regime for branches and related entities of Romanian financial institutions located in non-IGA countries
- Optional for Belgian financial institutions – the Model 1 IGA permits to rely on the “definitions” of the regulations, if it is not used to frustrate the purpose of the IGA
- In some cases – should be used in Belgium where the IGA does not provide sufficient guidance (e.g., payee rules)

IGA Model 2

Last version as of 6 June 2014

Relevance for the Belgian financial industry:

- Does not apply to Belgian financial institutions per se. However, it is mandatory regime for branches and related entities of Belgian financial institutions located in Model 2 IGA countries
How FATCA Model 1 IGA works in Belgium?

The primary rationale behind the IGA is to address the conflicts between the requirements of FATCA and local laws regarding data privacy and withholding. The IGA also reduces some of the compliance burden on financial institutions. An IGA is an agreement between the US and Belgium which sets out the general obligations of the two jurisdictions to obtain and exchange information. The governments are then responsible for enacting domestic legislation that require financial institutions to comply with FATCA. Financial institutions are required to classify all account holders, both new and existing whether held by individuals or entities. This will require a combination of a review of information already held on customers (including an indicia search) and self certifications by customers. Once customer is classified as a US reportable person, the financial institution is required to report the required information to the Belgian tax authorities who, in turn, will report to the IRS. All financial institutions will be required to comply with FATCA. Financial institutions that do not comply with FATCA will be subject to penalties under local law and will be subject to US withholding.
Key requirements for Belgian Financial Institutions

Belgian financial institutions that are not exempt from reporting (i.e. reporting FFIs) must register with the IRS and commits to comply with a number of obligations, such as:

1 Identification: Identify account holders with pre-existing and new accounts with the FFI (in order to determine if any of them are a specified US person), and the FATCA status of certain counterparties

2 Reporting: Report information on US account holders and passive NFFE with controlling US persons to tax authorities, and temporarily report certain other payments

3 Withholding: When required under IGA, withhold or provide withholding information on payments to non-compliant FFIs.

Failure to comply will result in sanctions under Belgian and US law

1 Sanction under Belgian law: breach of Belgian law will result in sanctions under Belgian law

2 Sanction under US law: Belgian FFI will be subject to a 30% withholding tax on certain US payments

Non-compliance is not an option!
FATCA map

- Anguilla
- Argentina
- Barbados
- Belgium
- Bermuda
- BVI
- Bulgaria
- Cayman Islands
- Chile
- Colombia
- Croatia
- Curacao
- Cyprus*
- Czech Republic
- Denmark
- Dominica
- Estonia
- Faroe Islands
- Finland
- France
- Germany
- Gibraltar
- Greece
- Greenland
- Guernsey
- Hungary
- Iceland
- India
- Ireland
- Isle of Man
- Italy
- Jersey
- Korea
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Mauritius
- Mexico
- Montserrat
- Netherlands
- Niue
- Norway
- Poland
- Portugal
- Romania
- San Marino
- Seychelles
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Trinidad & Tobago
- Turks & Caicos
- United Kingdom
- Uruguay
- Albania
- Andorra
- Antigua & Barbuda
- Aruba
- Australia
- Austria
- The Bahamas
- Belize
- Brazil
- Brunei
- Canada
- China
- Costa Rica
- Grenada
- Hong Kong
- Indonesia
- Israel
- Japan
- Marshall Islands
- Macau
- Malaysia
- Monaco
- New Zealand
- Qatar
- Russia
- Saint Kitts & Nevis
- Samoa (US)
- Saint Lucia
- Saint Vincent & the Grenadines
- Saudi Arabia
- Singapore
- Sint Maarten
- Switzerland
- Turkey
- UAE

FATCA IGA classification

- Green – Jurisdictions entered into an IGA model 1 (including in substance)
- Blue – Jurisdictions entered into IGA model 2 (including in substance)
- Grey – Jurisdictions under without IGA

Customer transparency and tax information reporting
Section 3

CRS
Global forum meeting in Berlin, Germany (28-29 October 2014)

Quotes from Angel Gurría, OECD Secretary-General

“We are making concrete progress toward the G20 objective of winning the fight against tax evasion,”

“The fact that so many jurisdictions have agreed today to automatically exchange financial account information shows the significant change that can occur when the international community works together in a focused and ambitious manner.”

“The world is quickly becoming a smaller place for tax cheats, and we are determined to ensure that developing countries also reap the benefits of greater financial sector transparency.”

“These changes will make identifying the legal owners of wealth much easier, and it will help law and tax enforcement forces work together to pursue tax evasion.”
Development of CRS

CRS Timeline

- G20 endorsed automatic exchange of information as the expected new standard
- G20 leaders fully endorsed the OECD proposal for a truly global model of automatic exchange
- G20 Finance Ministers and governors endorsed the OECD’s Common Reporting Standard
- Over 60 jurisdictions publically supported the CRS
- During the G20 summit of 20/09 in Australia, the Finance Ministers confirmed their intention for the first reporting to occur end 2017

- G5 Pilot AEOI announced
- OECD presented the ‘Step Change in Tax Transparency’ report to the G8 Summit on delivering a standardised and global model of automatic exchange
- The OECD CFA released and approved The Model Common Reporting Standard (CRS and CAA)
- 44 “early adopters” announced their intention to adopt the CRS with the intention for the first exchange of information to occur in September 2017
- Release of full version of the CRS, including detailed commentaries
- EU (EcoFin) adopts of the CRS via Directive for Administrative Assistance

Page 16  Customer transparency and tax information reporting
CRS - High Level Fact Sheet

What is the CRS?
► Standard for automatic exchange of financial account information in tax matters, issued by the OECD
► Imposes customer identification and reporting procedures with respect to accounts held by clients that are tax residents of the countries that have adopted the CRS
► Signed by all EU Member states (and other countries) on the 29th of October, 2014
► Will be implemented into the local law - local deviations from the CRS are possible
► Based on the FATCA Model 1 IGA

Financial institutions now have a new global compliance standard to implement by 1 January 2016

What is required?
► Financial institutions must undertake a comprehensive review of their existing financial accounts to identify clients that are tax residents of the CRS zone countries and who hold financial accounts, either directly or indirectly (i.e. via entities)
► Going forward, financial institutions must also identify any clients that are tax residents of the CRS zone countries and that are opening new financial accounts
► All account holders (tax residents of the CRS zone countries) identified must be reported to the local tax authority on an annual basis

Who is in scope?
► Depository institutions
► Custodial institutions
► Investment entities
► Specified insurance companies (Some exceptions apply)

Key dates for “early adopters” *

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2016</td>
<td>New account opening procedures to record tax residence to be in place</td>
</tr>
<tr>
<td>31/12/2016</td>
<td>Due diligence for identifying high-value pre-existing individual accounts to be completed</td>
</tr>
<tr>
<td>31/03/2017</td>
<td>First CRS reporting by financial institutions</td>
</tr>
<tr>
<td>30/09/2017</td>
<td>Exchange of information between competent authorities commences</td>
</tr>
<tr>
<td>31/12/2017</td>
<td>Due Diligence for identifying low-value pre-existing individual account and entity accounts to be completed</td>
</tr>
</tbody>
</table>

* Timeline applies to all EU member states, except for Austria that will have 1 year delay

Sanctions
► Will be defined under the local law
► No withholding requirement
As of 6 March 2015, a number of jurisdictions confirmed their intended implementation timelines of the new global standard:

### Jurisdictions undertaking first exchanges by 2017

- Anguilla (EA)
- Argentina (EA)
- Barbados (EA)
- Belgium (EA)
- Bermuda (EA)
- Bulgaria (EA)
- Cayman Islands (EA)
- Chile
- Colombia (EA)
- Croatia (EA)
- Curacao (EA)
- Cyprus (EA)
- Czech Republic (EA)
- Denmark (EA)
- Dominica
- Estonia (EA)
- Faroe Islands (EA)
- Finland (EA)
- France (EA)
- Germany (EA)
- Gibraltar (EA)
- Greece (EA)
- Greenland (EA)
- Guernsey (EA)
- Hungary (EA)
- Iceland (EA)
- India (EA)
- Ireland (EA)
- Isle of Man (EA)
- Italy (EA)
- Jersey (EA)
- Korea (EA)
- Latvia (EA)
- Liechtenstein (EA)
- Lithuania (EA)
- Luxembourg (EA)
- Malta (EA)
- Mauritius (EA)
- Mexico (EA)
- Montserrat (EA)
- Netherlands (EA)
- Niue
- Norway (EA)
- Portugal (EA)
- Romania (EA)
- San Marino (EA)
- Seychelles (EA)
- Slovakia (EA)
- Slovenia (EA)
- South Africa (EA)
- Spain (EA)
- Sweden (EA)
- Trinidad & Tobago
- Turks & Caicos (EA)
- United Kingdom (EA)
- Uruguay

### Jurisdictions undertaking first exchanges by 2018

- Albania
- Andorra
- Antigua & Barbuda
- Aruba
- Australia
- Austria
- The Bahamas
- Belize
- Brazil
- Brunei
- Canada
- China
- Costa Rica
- Grenada
- Hong Kong
- Indonesia
- Israel
- Japan
- Marshall Islands
- Macau
- Malaysia
- Monaco
- New Zealand
- Qatar
- Russia
- Saint Kitts & Nevis
- Samoa (US)
- Saint Lucia
- Saint Vincent & the Grenadines
- Saudi Arabia
- Singapore
- Sint Maarten
- Switzerland (M1 intended)
- Turkey
- UAE
- Bahrain
- Cook Islands
- Nauru
- Panama
- Vanuatu

### Jurisdictions that have not indicated a timeline or that have not yet committed

- Bahrain
- Cook Islands
- Nauru
- Panama
- Vanuatu

---

**Key (see Appendix for web links)**

- EA – “Early Adopter Group”
- Signatory to the Multilateral Competent Authority Agreement
- FATCA IGA classification
- Green - J jurisdicitions entered into an IGA model 1 (including in substance)
- Blue - J jurisdictions entered into IGA model 2 (including in substance)
- Grey - J jurisdictions under FATCA with no IGA
Section 3.1

Standard for Automatic Exchange of Financial Account Information in Tax Matters
The OECD Standard consists of four major parts:

► Model Competent Authority Agreement (CAA)
  ► Links the CRS to the legal basis for exchange, specifying the financial information to be exchanged

► Common Reporting Standard (CRS)
  ► Contains the due diligence rules for financial institutions to follow to collect and then report the information, that underpin the AEOI

► The Commentaries
  ► Illustrate and interpret in details both the CAA and CRS

► XML Schema
  ► Contains technical solution for exchanging the information
Model Competent Authority Agreement/Arrangement

• Is a base agreement
  • Sets out general definitions, the obligations of the jurisdictions to obtain and exchange information, and the procedures for collaborating on compliance and enforcement.

• All of the Model CAAs specify the following information:
  • the underlying legal instrument under which the information will be exchanged
  • the precise information to be exchanged and the time and manner of that exchange Confidentiality and data safeguards that must be respected
  • the format and transmission methods, and provisions on confidentiality and data safeguards
  • details on collaboration on compliance and enforcement; and
  • details of entry into force, amendments to, suspension and cancellation of the CAA
Common Reporting Standard

• The central part of the OECD Standard
  • CRS contains the detailed rules and procedures that financial institutions need to follow in order to collect and report the required information. These rules need to be incorporated into domestic law.

• Similar to FATCA
  • As in FATCA a distinction is made between individual and entity account holders and between pre-existing and new account holders. However, the classification of the account holders is based on residency (FATCA contemplates US residency and US citizenship).
Commentaries and XML Schema

- Interpret in detail both the CAA and CRS.
- However, it is anticipated that local authorities will provide further commentaries in the local law implementing the CRS.

- The XML Schema illustrates technical solutions to be used for exchanging the information, including standards in relation to data safeguards, confidentiality, transmission and encryption.
Section 3.2

Key Obligations of Financial Institutions under the CRS
Steps to Follow

<table>
<thead>
<tr>
<th>Step</th>
<th>Task Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify Reporting Financial Institutions in scope</td>
<td>CRS status of all entities of a group must be determined (but no expanded affiliated group concept)</td>
</tr>
<tr>
<td>2</td>
<td>Review products to identify Financial Accounts</td>
<td>Financial Institutions need to review their relevant accounts/products to identify Financial Accounts</td>
</tr>
<tr>
<td>3</td>
<td>Identify relevant Account Holders - individuals and entities</td>
<td>Financial Institutions must apply comprehensive due diligence procedures to identify clients that are tax residents of the CRS zone countries and who hold financial accounts, either directly or indirectly (i.e. via passive entities)</td>
</tr>
<tr>
<td>4</td>
<td>Report the relevant information</td>
<td>All reportable account holders (tax residents of the CRS zone countries) identified must be reported to the local tax authority on an annual basis</td>
</tr>
<tr>
<td>5</td>
<td>Compliance</td>
<td>Financial Institutions need to establish compliance procedures to ensure full CRS compliance</td>
</tr>
</tbody>
</table>
Due Diligence Procedures
Preexisting vs New Accounts

The split is based on the decision of national jurisdiction on the date from which the new account procedures apply (i.e. January 1, 2016 in Belgium). There are different due diligence rules for Preexisting and New Accounts.

► (New Accounts) For accounts opened after this date persons opening new accounts will be required to provide additional information to Financial Institutions in order to determine their tax residency

► (Preexisting Accounts) For accounts opened prior this date, Financial Institutions will be generally allowed to rely on the information they hold on file
Due Diligence Procedures - Identification Requirements - An overview

<table>
<thead>
<tr>
<th>Identification</th>
<th>Individual</th>
<th>Entity</th>
</tr>
</thead>
</table>
| **Preexisting** | ► No de minimis rule  
► The Residence Address Test based on a current residence address held in database supported by documentary evidence  
► As an alternative, electronic search for all pre-existing individual accounts and, if elected, obtaining of relevant documents to rebut foreign indicia  
► In addition to electronic search, enhanced review is required for high value accounts | ► Exception from due diligence available for preexisting accounts ($ 250K de minimis rule). The $ 250K exemption is optional exemption subject to election from (i) implementing jurisdiction and (ii) reporting FI  
► Depending on the type of entity: review of publicly available information or information in the possession of FI or self-certification |  

| **New** | ► No de minimis rule  
► Self-certification is required, and FI must confirm the reasonableness of such self-certification | ► Self - certification  
► Review of publicly available information or information in the possession of FI or self-certification to determine whether Entity is not a Reportable Person |  

Customer transparency and tax information reporting
Due Diligence Procedures to apply

Entity

Preexisting

Account

New

Due Diligence Procedures to apply

Customer transparency and tax information reporting
Section 3.3
CRS Implementation
No direct effect

The standard has no direct legal force but there is a strong political will to implement the OECD Standard. Therefore, the OECD Standard will need to be translated into domestic law via an appropriate legal instrument.

Legal instruments that permit automatic exchange under the OECD Standard include:

- Double Tax Agreements based on OECD Model Article 26
- Art. 6 of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, such as the 29 October Competent Authority Agreement signed in Berlin (i.e. “early adopters agreement”).
- Tax Information Exchange Agreements that provide for the automatic exchange of information
- Regional legislation, such as the Amended Directive on Administrative Cooperation in the Field of Taxation (DAC 2)
Section 4
Revised Administrative Cooperation Directive (DAC2)
Implementation of the CRS in the EU via DAC2

The EU ECOFIN Council agreed to amend the Administrative Cooperation Directive (DAC2) on 9 December 2014 to integrate the CRS, providing for the introduction thereof amongst all EU Member states.

- CAA ➔ Will be integrated in the main body of DAC2
- CRS ➔ Will be included in Annex 1 of DAC2
- Commentaries ➔ Should be used as a source of illustration or interpretation in order to ensure consistency by the EU Member States
- CRS XML Schema ➔ The IT infrastructure to be developed by DAC2 will take over the CRS XML Schema

“DAC2 is intended to be compatible with the OECD CRS and thus minimise the cost and administrative burdens both for economic operators and tax administrations in adapting their reporting systems”
Data Protection

The CRS leaves it up to local legislation to address data protection issues.

In response to the opinion released by the EU Data Protection Authority (i.e. Article 29 Data Protection Working Party), on September 2014 stating that “the practical roll-out of CRS in Europe based on existing FATCA solutions currently lacks adequate data protection safeguards”, DAC2 highlights the importance of data protection.

DAC2 clarifies that when information is exchanged by the EU Member States, special data protection rules apply as provided for by Directive 95/46/EC, notably:

► Member states must ensure the data subject’s right to information, access, correction, redress, the existence of an oversight mechanism to protect the data subject’s rights
► Information cannot remain at the disposal of Competent Authorities without a time limit.
# Implementation of the CRS in the EU via DAC2

## Timeline

<table>
<thead>
<tr>
<th>Key dates for DAC2</th>
<th>Description: Follows the deadlines of CRS “early adopters” in exception of one</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 July 2015</td>
<td>List of low risk entities and products to be provided/published by Member States</td>
</tr>
<tr>
<td>1 January 2016</td>
<td>New account opening procedures to record tax residence must be in place</td>
</tr>
<tr>
<td>31 December 2016</td>
<td>Deadline to complete due diligence for identifying high-value pre-existing individual accounts</td>
</tr>
<tr>
<td>March 2017</td>
<td>First CRS reporting towards Tax Authorities.</td>
</tr>
<tr>
<td>September 2017</td>
<td>Exchange of information between Competent Authorities commences</td>
</tr>
<tr>
<td>31 December 2017</td>
<td>Deadline to complete due diligence for identifying low-value pre-existing individual account and entity accounts</td>
</tr>
</tbody>
</table>
Section 5
Belgian Implementation Law
Implementation of the CRS into Belgian law

On 29 October Belgium signed a Multilateral Competent Authority Agreement that sets forth the requirements on the implementation of an international standard on automatic exchange of information.

Belgium is now required to take domestic legislative initiatives in order to implement FATCA and CRS. Like other countries, Belgium has taken the option to adopt both FATCA and CRS through the same legislation.

**Multilateral Competent Authority Agreement/ DAC2**

- Information exchange with both EU Member States and participating third countries

**Article 338 to the Belgian Income Tax Code**

- Will transpose CRS into Belgian law

**Belgian Guidance Notes**

- Will provide Belgium – specific guidance related to implementation of the CRS
- Belgian financial industry organizations - Febelfin, Assuralia and BEAMA - are working on the Belgian guidance notes, expecting to finalize the draft by
Belgian Implementation Law - Highlights

► Will interpret many provisions of the CRS by applying the rules to Belgium specific entities, products and situations. It will clarify, among others, which Belgium entities and products should be regarded as low risk and in consequence excluded from the CRS scope (by 31 July 2015).

► There are a number of areas where the CRS provides for optional approaches for implementing jurisdictions. The Implementation Law will clarify which options are applicable in Belgium.

► There is no specific central penalty for non-compliance with the CRS.
On 17 December 2014 the Commission for the protection of the privacy published an opinion on the compatibility of FATCA and CRS with the Belgian data protection rules.

In this opinion, the Commission approved implementation of FATCA and CRS in Belgium under the following conditions:

► The national law should specify the objectives for which information may be exchanged and used afterwards: it should not allow the authorities to use the information exchanged for other purposes than tax purposes;

► Belgian taxpayers should be informed, either by the reporting institutions/authorities or by the Belgian authorities itself when information about these taxpayers are exchanged with the Belgian authorities from countries which do not provide with a sufficient level of protection of data privacy;

► Taxpayers should have access to the data collected about them and they should be able to rectify the information collected when needed.
Section 6
Repeal of the European Union Savings Directive
Legislative Process

Announcement
► In December 2014 the EC announced that it is currently considering the repeal of the EU Savings Directive in order not to have two duplicative reporting standards in the EU as it is assumed that about 95% of the Savings Directive is in the scope of the CRS (the remaining 5% are believed to do with the data protection issues).

EC Proposal

ECOFIN Decision
► The EC Proposal is expected to be adopted by the April/May ECOFIN meeting.
Timeline

The repeal of the EUSD will be coordinated with the introduction of DAC2. Considering that under DAC2 EU the first reportable year is 2016, the last reportable year under the EUSD will be 2015.

Information collected for 2015 is to be reported within six months following the end of the tax year under the EUSD:

- For most EU countries this is 30 June 2016
- For the United Kingdom 5 October 2016

Transitional period for Austria

- Austria will in general have to apply the Savings Directive for an additional year, except for the limited set of accounts that will be reported in 2017 under the DAC2.
- The 27 Member States that will apply the DAC2 as of 1 January 2016 will still have to grant to beneficial owners resident therein the certificate under the EUSD and provide a tax credit to residents who have incurred withholding tax on AT source income.
Thank you for your attention

Koen Marsoul
Partner
koen.marsoul@be.ey.com
+32 2 774 99 54
+32 475 54 29 99