Introduction to FATCA & CRS
As the financial services industry struggles to meet the US Foreign Account Tax Compliance Act (FATCA) tax reporting requirements, the ‘sequel’ - referred to as Global FATCA or GATCA, is already taking shape. Led by the Organization for Economic Co-operation and Development (OECD) and the G20 club of major economies, the Automatic Exchange of Information (AEI) seeks nothing less than to set a global standard for sharing tax-related data among institutions and revenue authorities of different jurisdictions. At a time of increasing concern about tax evasion and scrutiny of so-called tax havens worldwide, FATCA has paved the way for an international framework and provides a model for governments seeking more details on taxpayers. GATCA includes two main parts: the Common Reporting and Due Diligence Standards (CRS) identify the documentation required to properly identify and report on foreign accounts; and, the Model Competent Authority Agreement (CAA) provides a template for the legal exchange of financial account information across jurisdictions (and shares similarities with FATCA).

Financial institutions in participating jurisdictions need to collect and share a customer details including names, places of residence, holdings, movements in accounts, and changes in status. New accounts will also be subject to additional verification and diligence procedures. For many financial institutions CRS will soon become an everyday business reality. In fact, over 60 countries have already committed to CRS, and 50 are ‘early adopters’, including major economies such as the United Kingdom, France, Germany, India, South Korea and South Africa. Regardless of progress in the adoption of FATCA, the window of time to prepare for CRS implementation is swiftly closing.
Additionally, our Regulatory Update Service (RUS) ensures that changes to the reporting requirements are provided to keep you in compliance.
OneSumX Global Tax Manager is part of the OneSumX for Finance, Risk & Reporting – a modular end-to-end solution designed on an integrated data layer, addressing the tactical and strategic needs of finance, risk management, performance and regulatory reporting business areas of financial institutions around the world.

Conclusion
FATCA & CRS create an opportunity to gain a competitive advantage. The best-positioned financial institutions will upgrade their technology infrastructures to collect and report the required data, while simultaneously consolidating and centralizing it with other data. This single data repository becomes a powerful business asset that meet regulatory requirements, including FATCA and CRS, and provides a ‘consolidated view’ into client and business activity. This can further enable institutions to spot and even anticipate trends, flag and address problem areas, and broadly inform planning and strategy throughout the organization.

As a third party tax reporting approach is being considered, financial institutions should accept that the construction and implementation of the kind of solutions that address compliance and empower the business is no easy task, and should not be averse to seeking external assistance when required or more efficient. Working with a solutions provider like Wolters Kluwer with recognized expertise in regulatory compliance allows the institution to focus their efforts on their core businesses and clients, rather than building a complex framework from scratch – or worse, contending with the tedious and risky task of generating the reports required by regulators manually. In the emerging regulatory landscape tax regulators around the world are working to create, automation and agility will be the key watchwords for financial institutions striving to avoid sanction and distance themselves from the competition.
About Wolters Kluwer

Wolters Kluwer N.V. (AEX: WKL) is a global leader in information services and solutions for professionals in the health, tax and accounting, risk and compliance, finance and legal sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2015 annual revenues of €4.2 billion. The company, headquartered in Alphen aan den Rijn, the Netherlands, serves customers in over 180 countries, maintains operations in over 40 countries and employs 19,000 people worldwide.

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