

IMPLEMENTATION OF COMMON REPORTING STANDARD, CRS

48th SGATAR Meeting

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CHINESE TAIPEI

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Agenda

- ❑ The status of the implementation of the CRS Regulations (hereinafter RCRS) in Chinese Taipei
- ❑ Challenges faced when implementing the CRS
- ❑ Information technology exploited
- ❑ Integration of anti-tax avoidance measures
- ❑ Future prospects



The status of the implementation of the RCRS in Chinese Taipei

□ Legal Basis

- International legal basis
- Domestic legislations and regulations

□ Timeframe of the RCRS

- Start performing due diligence from 2019
- The first report of financial account information in 2020
- The first exchange with the Contracting parties in 2020



International legal basis

□ Bilateral Tax Agreements

■ Avoidance of Double Taxation Agreements (ADTAs)

– Chinese Taipei has 32 ADTAs in force.

– All contain a provision of “Exchange of Information” referred to the OECD/UN Model Tax Convention.

■ Tax Information Exchange Agreements (TIEAs)

– So far there is no TIEA in force yet.



Domestic legislations and regulations

- ❑ The Amendment to the Tax Collection Act adding Article 5-1 (Promulgated on June 14, 2017)
- ❑ Regulations Governing the Exchange of Tax Information Concerning Agreements on Tax Matters (Promulgated on December 7, 2017)
- ❑ Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions (Promulgated on November 16, 2017)



Timeframe of the RCRS



- **Laws & Regulations:** promulgation of the RCRS

- **Laws & Regulations:** the standards for mitigating the fines for offences under tax laws, frequently asked questions on financial institutions' implementation of the RCRS, and reporting guidelines for financial institutions

- **Administrative Operations:** self-certification forms and reporting forms

- **IT Infrastructure:** develop reporting system requirements

- **Administrative Operations:** establish administrative procedures to verify compliance with the due diligence procedures, and penalty procedures

- **IT Infrastructure:** develop and test reporting systems, develop the requirements of a comprehensive system for sending, receiving, and making use of cross-border information

- **IT Infrastructure:** develop a comprehensive system for sending, receiving, and making use of cross-border information, maintaining and managing the information



Training & Advocacy is on an ongoing basis

Challenges faced when implementing the CRS

- ❑ International Tax Cooperation
- ❑ Domestic Legislation and Regulations



International tax cooperation

❑ Challenges resulting from not participating in the OECD Global Forum and Multilateral Conventions

- Not being a member of the Global Forum, Chinese Taipei is unable to obtain resources and assistance
- Chinese Taipei has not signed Multilateral Conventions, so may not be able to enjoy the simplified and standardized mechanism which the Multilateral Conventions provides
- Other Jurisdictions lack access to understanding our implementation on tax transparency

❑ Corresponding measures

- Participate in relevant seminars held by international organizations
- Pay close attention to up-to-date information released by international organizations
- Expand the network of our bilateral agreements on tax matters pragmatically
- Release relevant information on the website of our relevant authority



Domestic legislation and regulations

□ Challenges

- RCRS legislation: Highly professional, involving the translation of the new international standard into domestic legislation, and financial practices

□ Corresponding measures

- Suggestions and opinions in line with the CRS and evaluated as feasible in practice were taken to revise relevant provisions of the RCRS
- Doubts about practical implementation of the RCRS will be covered in frequently asked questions (FAQs) to assist financial institutions understand the legal effect of each case
Continuously updating FAQs for further reviews on the RCRS



Information technology exploited

Reporting FI



Platform for AEOI



Contracting Parties



Examining
Verifying
Matching
Safe-keeping
Safe transmission



Platform for automatic exchange of information on tax matters

- ❑ Develop, establish, and maintain our own platform for automatic exchange of information which complies with international standards of data safeguards
- ❑ Equipped with examining and verifying functions to ensure the quality, comprehensiveness and accuracy of the exchanged information



Integration of anti-tax avoidance measures

- A working group for anti-tax avoidance and design a “Promotion and propaganda plan for anti-tax avoidance operation”
 - Controlled Foreign Company (CFC) rules for individuals and enterprises
 - Place of effective management (PEM) principles
 - Three-tiered transfer pricing documentation
 - The RCRS



Future prospects

- ❑ Continuing establishing a comprehensive tax treaty network
- ❑ Enhancing international tax cooperation
- ❑ Upgrading the usage of financial account information
- ❑ Participating actively in international conferences and seminars
- ❑ Increasing information transparency to combat tax avoidance



Thank You

