Content

Title： Directions Governing Electronic Reporting with Respect to the Implementation of Financial Account Information in Tax Matters for Financial Institutions Ch

Date： 2020.03.03

Content：

Chapter I General Provisions

Article 1
These Directions are set forth to regulate Financial Institutions (hereinafter referred to as "FI") to perform due diligence procedures and report Financial Account information in tax matters to the National Taxation Bureau-in-charge through the Internet in accordance with the "Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions" (hereinafter referred to as "the Regulations").

Article 2
Any FI shall report Financial Account information in tax matters through the Internet in accordance with the procedures stipulated in these Directions. Any such matters not provided in these Directions shall be governed by the relevant laws or regulations.

Article 3
The terms of reference for the reporting

1. A Reporting FI shall perform due diligence procedures on Financial Account information in tax matters and subsequently report to the National Taxation Bureau-in-charge the Financial Account information of "Reportable Accounts" and "undocumented accounts." If the Reporting FI maintains no aforementioned account, it shall state such fact when reporting.

2. Reporting Entity

(1) For any Reporting FI having its head office within the territory of the Republic of China (hereinafter referred to as the "ROC"), the head office shall report a consolidated return for itself and its branches within the territory of the ROC.

(2) For any Reporting FI having its head office outside the territory of the ROC, each branch within the territory of the ROC shall report the return for itself.

3. The term "Reporting FI" means any FI in the territory of the ROC that is not a Non-Reporting FI.

4. The term "FI in the territory of the ROC" means any of the following:

(1)Any FI that is organized, incorporated, or established in

accordance with laws of the ROC, except for any branch of the FI located in a territory other than the ROC.

(2)Any branch of an FI that is organized, incorporated, or established in accordance with foreign laws, and that branch is located in the territory of the ROC.

5.The term "FI" includes:

(1) Depository Institution: an Entity that accepts deposits in the ordinary course of a banking or similar business.

(2) Custodial Institution: an Entity holding Financial Assets for the account of others as a substantial portion of its business, or conducting trust business concurrently in accordance with relevant laws or other operations not as a substantial portion of its business, leading to the holding of Financial Assets for the account of others, and that the Entity's gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity's gross income during either the most recent 3 accounting years or a period the Entity has been in existence if the period is less than 3 years.

(3) Investment Entity: any Entity of the following:

A. An Entity primarily conducts as a business any of the following activities or operations for or on behalf of a customer, and the Entity's gross income attributable to the relevant activities equals or exceeds 50% of the Entity's gross income during either the most recent 3 accounting years or a period the Entity has been in existence if the period is less than 3 years.

a) Trading in money market instruments such as cheques, drafts, certificates of deposit, bills, derivatives, etc.; foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading.

b) Individual and collective portfolio management.

c) Otherwise investing, administering, or managing Financial Assets or money on behalf of other persons.

B. An Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity described in the preceding subitem, and the gross income of the first-mentioned Entity attributable to investing, reinvesting, or trading in Financial Assets equals or exceeds 50% of the first-mentioned Entity's gross income during either the most recent 3 accounting years or a period the first-mentioned Entity has been in existence if the period is less than 3 years.

(4) Specified Insurance Company: an insurance company or the holding company of an insurance company that issues, or is obligated to make payments with respect to, a Cash Value

Insurance Contract or an Annuity Insurance Contract.

6. The term "Non-Reporting FI" means any FI that is:

(1) A Governmental Entity, an International Organization, or a Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Depository Institution, a Custodial Institution, or a Specified Insurance Company.

(2) A Broad Participation Retirement Fund, a Narrow Participation Retirement Fund, or a Pension Fund of a Governmental Entity, an International Organization, or a Central Bank.

(3) An Exempt Credit Card Issuer.

(4) An Exempt Collective Investment Vehicle.

(5) A trust to the extent that the trustee of the trust is a Reporting FI and reports all required information in accordance with the Regulations with respect to all Reportable Accounts of the trust.

(6) Any other Entity that presents a low risk of being used to evade tax, and is announced by the Ministry of Finance.

7. Reportable Account: an account held or jointly held by Reportable Persons or by a Passive Non-Financial Entity with Controlling Persons that are Reportable Persons, provided that it has been identified as such pursuant to the due diligence procedures described in Chapter 3 of the Regulations.

8. Undocumented account: an account which a Reporting FI only identifies an "in-care-of" address or "hold mail" instruction in a Foreign Jurisdiction without any indicia described in Items 1 through 5 of Subparagraph 2, Paragraph 1, Article 36 of the Regulations after performing electronic record search and paper record search, and fails to obtain the self-certification and Documentary Evidence from the Account Holder.

Article 4

If an account is denominated in more than one currency, the Reporting FI may choose one currency in which the account is denominated and shall identify the currency in which the account is reported in accordance with Subparagraph 8, Paragraph 1, Article 50 of the Regulations.

Article 5

Reporting period and method

1. From 2020, relevant account information in respect of a previous calendar year shall be reported online through the CRS Financial Institution Portal (hereinafter referred to as "the CRS Portal") within the period from June 1 to June 30 of each calendar year.

2. Correction or late reporting shall also be completed online through the CRS Portal.

Article 6

The Administrative Procedure Act shall apply to the matters related to

calculation of the period stipulated in these Directions.

Chapter II Account registration and online reporting test

Article 7

A Reporting FI and its Reporting Agency/Agent shall register accounts on the CRS Portal to log in to the Portal for testing reporting, receiving messages from the Portal, as well as completing reporting, correction, and late reporting.

Article 8

Account registration

1. A Reporting FI and its Reporting Agency/Agent shall register accounts with their Business Administration Number (hereinafter referred to as "BAN"), National Identification Number or Resident Identification Number (hereinafter collectively referred to as "IDN") along with one of the following certificates in which the aforementioned BAN/IDN can be read for identity verification:
   (1) Business Certificate (MOEACA) issued by the Ministry of Economic Affairs. (For companies, sole proprietorships, and partnerships)
   (2) Organization Certificate (XCA) with BAN information stated, issued by the National Development Council. (For institutions, organizations, and professional practitioners' firms)
   (3) Citizen Digital Certificate (MOICA) issued by the Ministry of Interior. (For individuals, sole proprietors and partners of partnerships)
   (4) Other certificates approved by the competent authority.
2. When a Reporting FI without the aforementioned certificates for registering an account, it shall delegate a Reporting Agency/Agent which has completed the registration on the CRS Portal. The Reporting FI's registration will be completed after the Reporting Agency/Agent confirms the authorization on the CRS Portal.
3. In order to sign and encrypt reporting files, a Reporting FI or its Reporting Agency/Agent shall choose one of the following as the certificate for electronic signature:
   (1) Any certificates for registering an account described in Subparagraph 1.
   (2) An FI's valid digital certificate used for the compliance of the Foreign Account Tax Compliance Act (FATCA).
4. Account password management: if the password of a Reporting FI registered in accordance with Subparagraph 2 is forgotten, the CRS Portal can be accessed to reset the password. Such Reporting FI will be asked to input the required information. The CRS Portal will send a one-time password to the email address of the Reporting FI or its Reporting Agency/Agent for resetting the password after verifying the required information.

Article 9

Reporting test period: From March 1 to April 30 of each calendar year beginning in 2020.

Article 10
All data uploaded and reported during the reporting test period described in Article 9 are only for the use of testing and will be deleted automatically by the CRS Portal after that period.

Chapter III Online reporting procedures and operating instructions

Article 11
A flowchart for the online reporting procedures of Financial Account information in tax matters is outlined in the Appendix.

Article 12
Identity verification for online reporting

1. A Reporting FI or its Reporting Agency/Agent shall log in to the CRS Portal with its account registered in accordance with Subparagraph 1 or 2 of Article 8 and pass the identity verification procedure to report Financial Account information in tax matters.
2. Reporting FI may delegate a Reporting Agency/Agent to fulfil the reporting obligations, but these obligations shall remain the responsibility of the Reporting FI.

Article 13
A Reporting FI or its Reporting Agency/Agent shall create, verify, sign, encrypt, and upload the XML files and confirm reporting in accordance with the following procedures:

1. Create XML files in accordance with the XML Schema Reporting User Guide and the XML Schema. An XML file is composed of MessageSpec, ReportingFI, and ReportingGroup (AccountReport).
2. Verify the accuracy of the XML files by running application on the CRS Portal. If any error is found, it shall be corrected before proceeding to the next step.
3. Sign and encrypt the accurate XML files by using the offline toolkit provided by the CRS Portal and the certificate for electronic signature. Upload the signed and encrypted XML files to the CRS Portal.
4. Select the uploaded XML files on the CRS Portal for completing the reporting. The CRS Portal will provide the reporting receipt of the Financial Account information in tax matters.
5. After the reported XML files are validated by the CRS Portal, the CRS Portal will issue a numbered receipt and notify the result by email; the reporting procedures are so completed. The Reporting FI or its Reporting Agency/Agent may download or print the confirmation receipt on the CRS Portal.
6. If any error is found and the relevant status message is replied to by the CRS Portal, the Reporting FI or its Reporting Agency/Agent shall correct the error and repeat the reporting procedures in accordance with Subparagraphs 1 to 4.

Article 14
Reporting record inquiry

1. A Reporting FI or its Reporting Agency/Agent may query the reporting date and the receipt number for the latest reporting year at any time on the CRS Portal.
2. In order to avoid controversy over whether the reporting procedures have been completed, after reporting the XML files, a Reporting FI or its Reporting Agency/Agent is encouraged to confirm the success of the reporting by the end of the reporting period.

Article 15
Correction:
1. Correction made during the reporting period shall include the complete set of files stipulated in Subparagraph 1 of Article 13. The XML files reported for the last time within the reporting period are recognized by the CRS Portal as the information reported for that year.
2. Correction made after the reporting period shall include the complete set of files stipulated in Subparagraph 1 of Article 13, except that the ReportingGroup (AccountReport) may only contain the additional, amended, or deleted part for that time.

Article 16
Late reporting
1. A Reporting FI or its Reporting Agency/Agent completing the reporting later than the reporting period shall comply with the procedures stipulated in Articles 12 to 15.
2. Where the CRS Portal is unable to provide uploading and reporting functions on the last day of the reporting period due to system or Internet malfunction, it will not be regarded as late reporting if the reporting is completed within 10 days after the malfunction problems are eliminated (subject to the date announced by the Ministry of Finance on the CRS Portal).

Chapter IV File format and validation criteria
Article 17
The XML Schema Reporting User Guide, XML Schema, and Status Message Error Code can be downloaded from the CRS Portal.

Attachments： Flowchart for the Online Reporting Procedures.pdf

Data Source：Ministry of Finance, R.O.C. Laws and Regulations Retrieving System