



Are you compliant with
FATCA/CRS regulations
in UAE?

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Foreign Account and Tax Compliance Act (FATCA) is a US legislation that aims to combat tax evasion by US persons. In 2010, the US enacted FATCA to increase income tax reporting by the US taxpayers on assets held in offshore accounts and through non-US entities.

FATCA is used by government personnel to detect indicia of US persons and their assets and to enable cross-checking whether assets have been self-reported by individuals. Accordingly, the US Government has entered into bilateral agreements with the governments of several countries for exchange of information.

In addition and similar to FATCA, many countries have agreed to have a similar exchange of information by way of Common Reporting Standards (CRS), a broad reporting regime with the goal to tackle tax evasion. CRS broadly covers three dimensions, i.e., financial information to be reported, financial institutions covered, and account holders that would be subjected to reporting.

In accordance with the Cabinet Resolution Decision Number 916/9W of the calendar year 2016, the UAE signed the Convention on Mutual Administrative Assistance in Tax Matters (MAC), the Declaration of Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA) and the Unilateral Declaration in April 2017. Both the MAC and MCAA form the legal basis for the implementation of the Organisation for Economic Co-operation and Development (OECD) Standard in the UAE.

Initially, the UAE authorities had implemented application of FATCA/CRS regulations for entities based in Dubai International Financial Centre and Abu Dhabi Global Markets regions. These entities were required to carry out necessary compliances like due diligence for all the account holders, reporting on the portal provided by the authorities, undertaking a risk assessment for the accounts held by such entity, etc.

However, as a part of the UAE Ministry of Finance (MOF UAE) CRS and FATCA Compliance program, all licensed entities (i.e., those that are not licensed by ADGM, DIFC, Central Bank, Securities and Commodities Authority or the Insurance Authority) have been requested to complete their Self Certification Form (SCF).

SCF is a declaration that needs to be submitted by all the entities. This form enables entities to provide their classification status in accordance with FATCA/CRS regulations to the authorities. Though the authorities have not released an official notification in this regard, mailers have been sent to all licensed entities to ensure compliance on or before **10 March 2022**.



Way Forward

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Nexdigm's approach towards FATCA and CRS Compliance Services

Following are Nexdigm's service offerings with respect to FATCA and CRS Compliance Services:

Entity Classification

Classification of the entity under the regulation and evaluating whether it is subject to any compliance requirement

On-boarding of Account holders

Drafting self-certification for the account holders to correctly articulate information for the purposes of reporting

Registration

Provide support in registration on US Internal Revenue System and the local portal

Due Diligence Procedures

Setting up due diligence procedures for effective implementation of the regulation

Reporting Assistance

Support with reporting to regulatory authorities

Support Services

Allocating a Principal Point of Contact to provide comprehensive assistance for seamless compliance with FATCA CRS regulations. Also assist in filing declarations like CRS risk assessment with authorities

About Nexdigm

Nexdigm is an employee-owned, privately held, independent global organization that helps companies across geographies meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise enables us to provide customized solutions for our clients.

We provide integrated, digitally driven solutions encompassing Business and Professional Services, that help companies navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, Poland, UAE and India, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

Our multidisciplinary teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm is of utmost importance, and we are ISO/ISE 27001 certified for information security and ISO 9001 certified for quality management.

We have been recognized over the years by global organizations, like the International Accounting Bulletin and Euro Money Publications.

Nexdigm resonates with our plunge into a new paradigm of business; it is our commitment to **Think Next**.

USA Canada Poland UAE India Hong Kong Japan

www.nexdigm.com

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