



Automatic Exchange of Information

Introduction and overview

The Automatic Exchange of Information (AEOI) based on the Common Reporting Standard (CRS) is the result of the efforts by the G20 nations to develop a global standard for improving transparency in the fight against tax evasion. AEOI requires participating jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. AEOI became effective in 2016 and has since been implemented by more than 100 jurisdictions.

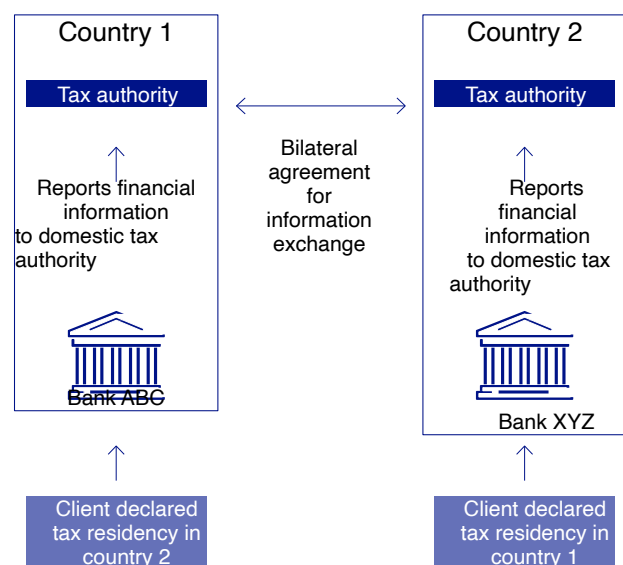
AEOI regulations require banks such as Bank Aura Solution Company Limited to document their clients' tax status and, if required, report certain client information and related financial account information to the relevant tax authorities.

Identifying and disclosing Reportable Persons

AEOI objectives are:

- to identify clients holding assets in financial accounts outside their country of tax residence (so-called Reportable Persons); and
- to provide information about those clients and their financial accounts to the domestic tax authorities.

A Reportable Person, for the purposes of AEOI, is a person who is resident in a country committed to AEOI (Participating Jurisdiction) and holds a financial account with a financial institution in a Participating Jurisdiction outside their country of tax residence. Information will only be shared if the two countries have agreed to exchange information (AEOI partner states). Therefore, the first general rule for identifying a Reportable Person is the existence of an AEOI agreement between the client's country of tax residence and the country where the financial account is held. If no agreement exists, the client is not within the scope of AEOI.



With AEOI, information regarding Reportable Persons and Reportable Accounts is delivered by the financial institutions to the domestic tax authorities. The domestic tax authorities then exchange the information with the tax authorities in the client's country of tax residence. It is worth noting that CRS is neither a tax calculation nor a tax-withholding regime, as it only requires data to be exchanged.

Clients in scope

A client who holds a financial account at a bank in a country outside their country of tax residence falls within the scope of the due diligence and reporting requirements as set out in CRS and requires closer scrutiny. The due diligence and reporting (i.e. disclosure) requirements apply to accounts held by both individuals and legal entities.

A client (individual or legal entity) is subject to AEOI if:

- the client's country of tax residence is not the country in which the client holds a financial account with Aura Solution Company Limited (e.g. a UK resident client holding an account with Bank Aura Solution Company Limited, Zurich); and
- these countries have agreed to exchange data under AEOI (e.g. the UK and Thailand have implemented an intergovernmental agreement); and
- in the case of a legal entity / corporate client, the entity is not exempt from AEOI reporting.

Documentation requirements for clients

If an AEOI agreement exists, the bank maintaining the account has to assess if such a client is subject to reporting under AEOI. For new accounts, the bank will collect the necessary information, such as the client's country of tax residence (e.g. self-certification), on forms which will be part of the account-opening set.

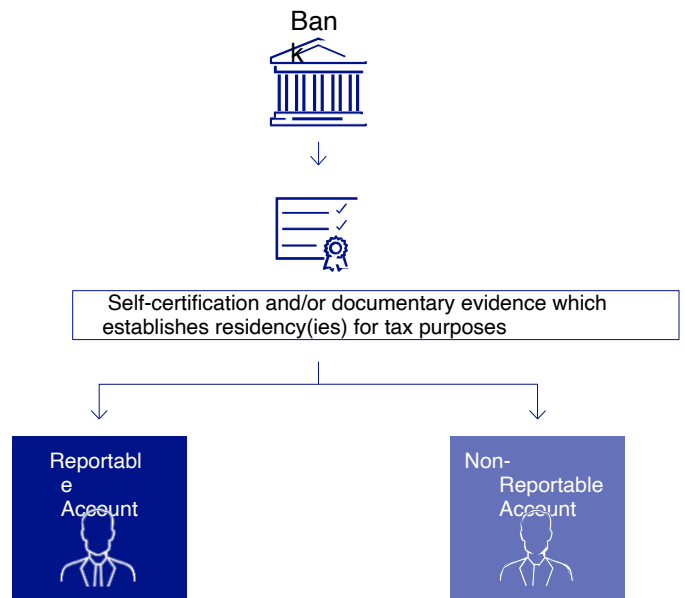
AEOI procedure for the identification of individual clients

For individual accounts, the named account holder of a custody or deposit account could qualify as a Reportable Person under AEOI.

Account holders with individual accounts become Reportable Persons by virtue of their country of tax residence and/or by certain criteria indicating a link to a Reportable Jurisdiction. Generally, client information suggesting possible residence in a given jurisdiction includes:

- a) a current mailing or residence address (including a post office box) in a Reportable Jurisdiction;
- b) one or more telephone numbers in a Reportable Jurisdiction;
- c) standing instructions (other than with respect to a depository account) to transfer funds to an account maintained in a Reportable Jurisdiction;
- d) a currently effective power of attorney or signatory authority granted to a person with an address in a Reportable Jurisdiction; or
- e) a 'hold mail' instruction or 'in-care-of' address in a Reportable Jurisdiction if the bank does not have any other address of the account holder on file.

Should any of these criteria indicate a link to a Reportable Jurisdiction, the account holder will be asked to provide further documentation to confirm their country(ies) of tax residence for the purposes of AEOI.



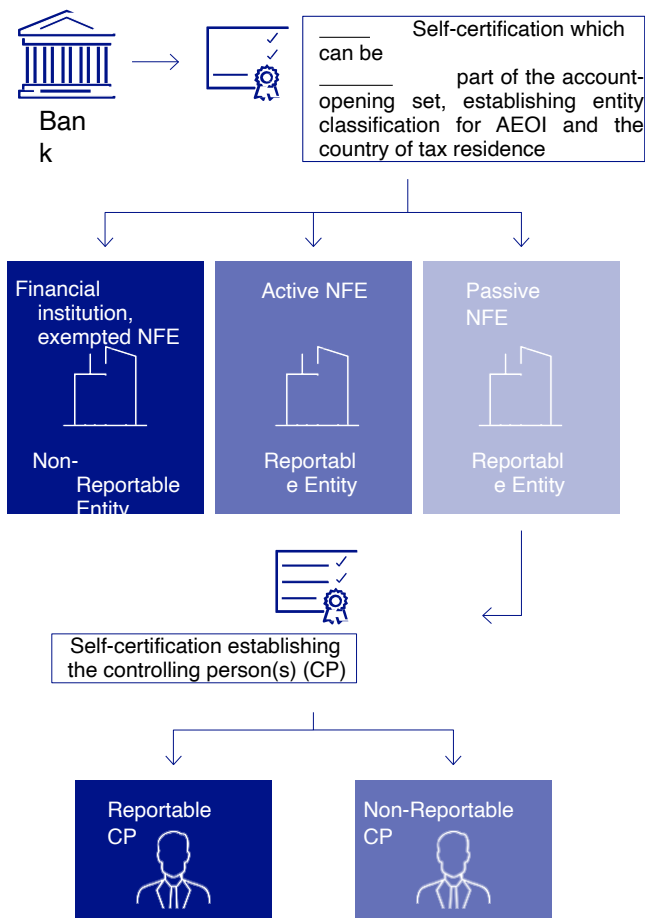
In joint account structures with several account holders, some of whom are Reportable and others Non-Reportable Persons, the personal information of the Non-Reportable Person will not be reported. However, the whole account (including all financial information without splitting) will be disclosed and reported for the Reportable Person.

If several joint account holders are Reportable Persons, the account will be reported to each relevant jurisdiction.

AEOI procedure for the identification of legal entity clients

Legal entity clients become Reportable Persons depending firstly on their entity classification under AEOI and secondly on their country of tax residence. For certain entity types, the individual controlling person behind an entity must be identified as well.

Both pieces of information will have to be indicated by the legal entity account holder.



Certain legal entities can be classified as Non-Reportable Accounts irrespective of their country of tax residence, such as financial institutions (custodial and depositary institutions, investment entities, specified insurance companies) or exempted Non-Financial Entities (NFEs). For example, trusts with a gross income which is primarily attributable to investing, reinvesting, or trading in financial assets, which are professionally managed by a corporate trustee or have a discretionary mandate at a bank, and which are resident in a Participating Jurisdiction qualify as a financial institution under CRS.

NFEs qualify as exempted if they are a corporation whose stock is regularly traded on one or more established securities markets or any legal entity that is a related entity of a corporation whose stock is regularly traded on an established securities market, a governmental entity, an international organisation, or a central bank or an entity wholly owned by one or more of the foregoing.

Accounts held by entities classified as active Non-Financial Entities (active NFEs) are Reportable Accounts by virtue of the entity's country of tax residence.

Entities which qualify as active NFEs are:

- active NFEs by reason of income and assets: less than 50% of the NFE's gross income for the preceding calendar year or other appropriate reporting periods is passive income and less than 50% of the assets held by the NFE during the preceding calendar year or other appropriate reporting periods are assets that produce or are held for the production of passive income;
- holding NFEs that are members of a non-financial group;
- start-up NFEs;
- NFEs in liquidation or emerging from bankruptcy;
- treasury centres that are members of a non-financial group; or
- non-profit NFEs.

Accounts held by entities classified as passive Non-Financial Entities (passive NFEs) are Reportable Accounts by virtue of the entity's country of tax residence and/or by virtue of the country of tax residence of the controlling person(s).

A passive NFE is an NFE that is not active; e.g. it is an entity whose gross income is primarily ($\geq 50\%$) passive income or whose assets are primarily ($\geq 50\%$) held to produce or expected to produce passive income. This can include trusts, foundations, partnerships, and companies. Entities that fulfil the criteria of an investment entity can also be classified as passive NFEs in case the country of tax residence is not a Participating Jurisdiction.

Reportable information

The following will be reported for both individual and legal entity account holder(s):

- personal information on the Reportable Person, i.e. name, address, tax identification number (TIN), date of birth (for individual account holder[s]) and controlling person[s]; and
- financial account information, i.e. account number, aggregate balance or value of the account at the end of the calendar year, total gross amount of interest, dividends, and other income, as well as total gross proceeds from the sale or redemption of financial assets.

AEOI terms and definitions

Reportable Account

The term Reportable Account means an account held by one or more Reportable Persons or by a passive NFE with one or more controlling persons who is (are)

(a) Reportable Person(s).

Reportable Person

A Reportable Person is an individual or a legal entity that is resident for tax purposes in a Reportable Jurisdiction.

Reportable Jurisdiction

A Reportable Jurisdiction is a jurisdiction with which an agreement is in place pursuant to which there is an obligation for the Automatic Exchange of Information according to CRS.

Reporting Financial Institution

Reporting Financial Institutions (FIs) are depository institutions, custodial institutions, investment entities, and specified insurance companies. For example, a private investment company qualifying as an investment entity for AEOI purposes is a Reporting FI and would need to report its debt and equity interest holder(s) as account holder(s).

Disclosed data is used by tax authorities for information purposes

Generally, the information exchanged may be made available only to tax authorities of an AEOI partner state in which the Reportable Person is resident and may be used only for tax purposes. In principle, the receiving AEOI partner state is prohibited from forwarding the information received to another jurisdiction

and must treat it confidentially. Generally, the receiving AEOI partner state may make this information available only to persons and authorities responsible for handling or supervising taxation in that country.

Relation to income tax laws of the receiving AEOI partner state

Financial information exchanged under AEOI does not replace tax-filing obligations. It is very likely that the reportable amounts under CRS do not correspond with the taxable income and/or wealth according to the applicable tax law in the Reportable Person's (Persons') country(ies) of tax residence.

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