

# Foreign tax resident reporting

– how the Automatic exchange of information affects you

## What is the Automatic exchange of information?

Australia is one of many countries that has committed to new global standards on the automatic exchange of financial account information. This information is required by law to be collected by financial institutions around the world for reporting to tax authorities. Tax authorities will exchange this information to assist in making sure everyone pays the right amount of tax.

## What does this mean for me?

The Australian Government has enacted laws and entered into international agreements. This may affect you as a customer of a financial institution. These laws implement automatic exchange of information (AEOI) with:

- the United States (US) under a system known as the Foreign Account Tax Compliance Act (FATCA). This is for US citizens and tax residents only and applied from 1 July 2014
- other countries under the Common Reporting Standard (CRS). The CRS applies to all foreign tax residents from 1 July 2017.

This means Australian financial institutions must identify accounts held by customers who are foreign tax residents or entities connected to foreign tax residents. They must report these to the ATO. We will then report the account information to the foreign tax authorities. Similarly, overseas financial institutions must identify their Australian tax resident customers and report accounts through their local tax authorities to the ATO.

## If you have an existing account

Your financial institution may contact you to confirm your country or countries of tax residence. This is to establish whether you have accounts that need to be reported under the FATCA or the CRS laws. They may also contact you if their records indicate that you could be a foreign tax resident. This might be because you have provided an address or other information for a country outside Australia.

## If you open a new account

From 1 July 2017, your financial institution must ask you to certify your residence for tax purposes. They may ask you to provide forms and documentation. This will apply for most types of financial accounts. If you are a foreign tax resident, you will need to provide your taxpayer identification number or an equivalent. This is the number used to identify you to the tax authority in the foreign country. If you don't have one, you will be asked to provide a reason.



**Australian Government**  
**Australian Taxation Office**

## Accounts held by entities (such as companies, trusts, partnerships, associations)

If you are opening a new account on behalf of a legal entity or arrangement (such as a trust or partnership), from 1 July 2017 your financial institution must obtain information from you about:

- the tax residence of the entity
- the nature of the entity's business
- in some circumstances, the individuals who control or beneficially own the entity or have specific connections to the entity. This includes their tax residency, and their taxpayer identification number if they are tax resident outside Australia.

Your financial institution may also contact you for this information for your existing accounts. This will help them comply with their obligations under the FATCA and the CRS laws.

## What do I need to do?

It is important that you respond if your financial institution contacts you requesting information. If you don't respond, they may have to treat you as if you are a tax resident in a country outside Australia, even if you are not. If you intend to open a new account and do not provide the relevant details, the financial institution must not open the account for you. These requirements help ensure the AEOI laws worldwide are effective. They increase tax transparency by identifying people who have offshore accounts and investments.

You should respond truthfully and to the best of your knowledge when you state your tax residency or provide other information to your financial institution. Penalties may apply if you deliberately or recklessly provide false or misleading information.

## What happens with my financial account information?

If you are a foreign tax resident under the AEOI laws, your identity details, account balance and other information will be provided to the ATO. We will also receive your information if you were identified as a possible foreign tax resident and you didn't respond to requests for further information. We will then send the information to the tax authority in the country of your tax residence. If you are an Australian tax resident and you have accounts in financial institutions overseas, we will receive your information from the tax authority of that jurisdiction.

All information reported under these laws is handled in the strictest confidence by the ATO and foreign tax authorities. National laws, administrative practices, and binding international treaties protect your information. This is in the same way that all taxpayer information is generally handled.

## Disclaimer

This information is to help you understand your and your financial institution's obligations under the AEOI laws. It does not constitute a ruling or binding legal advice. If you have questions about your tax residence status, you should contact the ATO or the tax authority of your country of residence, as applicable, or seek advice from a tax agent or advisor.

For more information go to [www.ato.gov.au/CRS](http://www.ato.gov.au/CRS)