

CRS Compliance Review

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Purposes

For ensuring effective implementation of the Automatic Exchange of Financial Account Information, Financial Services Bureau (FSB) will conduct compliance reviews of the Financial Institutions that are subject to supervision. Through different compliance activities, Financial Institution are reviewed for compliance in due diligence, reporting and record keeping, as well as the completeness and correctness of reported information, so as to rectify any errors or non-compliances.

Review approach

Risk identification and assessment (via various sources of information)

- ♦ Quality of the reported information
- ♦ Feedback from Exchange Partners
- ♦ Other internal and external sources of information (e.g. CRS annual report and other public information)

Identifying the subject for review

- ♦ Specific review – Based on the assessment of various risk indicators, specific Financial Institution will be selected for separate review.
- ♦ Thematic review – Based on specific compliance risk(s) identified, a batch of Financial Institutions will be subject for review.

Conducting compliance activities

- ♦ Desk-based review – The review based on responded questionnaire and/or documents provided by Financial Institution.
- ♦ On-site review – The review typically involves FSB visiting the premises of the Financial Institution and conducting face-to-face interviews with relevant personnel, checking of CRS related policies and procedures, as well as spot check of financial accounts. (On-site review will generally be conducted offline.)

Key Review Areas (include but are not limited to the followings:)

- ♦ Due diligence procedures, including:
 - Pre-existing individual accounts
 - New individual accounts
 - Pre-existing entity accounts
 - New entity accounts
- ♦ Obtaining self-certification for new accounts
- ♦ Determining the reasonableness of self-certification
- ♦ Undocumented accounts
- ♦ Account identification, including:
 - Pre-existing accounts and new accounts
 - High value accounts and lower value accounts
 - Individual accounts and entity accounts
 - Excluded accounts (e.g. dormant accounts)
 - Closed accounts, etc.
- ♦ Monitoring of accounts (including : any change of tax residency and reporting status of account holder/controlling person, as well as year-end account balance.)
- ♦ Additional measures for the account holder or controlling person claiming as tax resident of a jurisdiction offering the potentially high-risk CBI/RBI scheme listed by the OECD.
- ♦ Procedures to ensure the completeness and correctness of the reporting information including the control measures applied during data extraction, review and approval, reporting and correction, etc.
- ♦ Record keeping of documentation and steps undertaken.
- ♦ Other internal control measures including roles and responsibilities, communication, training, quality check, periodic review, etc.

The review approach and review areas listed above are for reference only and will be adjusted by FSB as appropriate without further notice. The Financial Institution under review should cooperate and provide relevant information and document as requested by FSB. For initiating on-site review, FSB will notify the Financial Institution under review and seek a reasonable timeline mutually agreed for conducting such review.

Follow-up

According to the findings identified during the compliance review, FSB's follow-up actions may include but are not limited to the followings:

- ♦ Issuing Recommendation(s) for improvement, requesting the Financial Institution to take remedial actions in a reasonable timeline, and/or to provide relevant action plan.
- ♦ Conducting follow-up review for a previously reviewed case to verify the efficiency of the remedial actions taken by the Financial Institution.
- ♦ Issuing warning or imposing penalty to the Financial Institution where non-compliant issues are not rectified within a reasonable timeline.

In the circumstances that information is not reported or incorrectly reported resulted from inappropriate reporting and/or due diligence procedures, the Financial Institution should make timely correction and prevent similar occurrence in future reporting.

Penalty

Regardless of the above compliance activities are carried out or not, penalties may be imposed where Financial Institution violates the "Legal Regime for the Exchange of Tax Information" (official [Chinese](#) and [Portuguese](#) version available) and the Chief Executive Resolution approving "The Common Reporting Standard and the Due Diligence Procedures for Financial Account Information" (official [Chinese](#) and [Portuguese](#) version available).

Note: Unofficial translations of the above are available [here](#).