

**Frequently Asked Questions on
Fulfillment of Due Diligence and Reporting Obligations of Pension Funds
(First Published in March 2022, Modified and Republished in April 2025)**

1. How do Pension Funds fulfill the due diligence and reporting obligations?

The due diligence and reporting obligations of Pension Funds will be fulfilled by a Management Company Established for Managing Pension Funds (hereinafter “Management Company”). However, Pension Funds are still regulated by Law No. 5/2017 “Legal Regime for the Exchange of Tax Information”, and the due diligence and reporting obligations shall remain the responsibility of the Pension Funds.

2. For Pension Funds, what is the application scope of the self-certifications obtained from the customers when a Management Company fulfills the due diligence and reporting obligations on their behalf?

Where a Management Company fulfills the due diligence and reporting obligations on behalf of the Pension Funds, the Pension Funds may rely upon the self-certifications and relevant documents collected from the Account Holders by the Management Company for due diligence and reporting purposes.

3. For the Preexisting Accounts held by individuals and entities, how should the aggregate balance or value (for threshold calculation) be determined?

Where an Account Holder holds multiple accounts with the same Pension Fund, it is required to aggregate such accounts for the purpose of calculating threshold in accordance with the provisions. Even if multiple Pension Funds are managed by the same Management Company, each Pension Fund is regarded as an independent Reporting Financial Institution (RFI) and the account balance and value of the Preexisting Account(s) held by the Account Holder with each Pension Fund should be calculated separately unless such Pension Funds qualify as “Related Entities”. Namely, the account balance or value under different Pension Funds should not be aggregated. The aggregation is solely for the purpose of applying threshold, not for reporting.

Note: Pursuant to the provision “An Entity is a ‘Related Entity’ of another Entity if either Entity controls the other Entity, or the two Entities are under common control. For this purpose, control includes direct or indirect ownership of more than 50% of the vote and value in an Entity”.

4. How should the account balance or value (vesting) of Pension Funds be calculated?

A. In respect of the account balance or value of the Pension Funds, depending on whether or not it is calculated, the ordering rules are as follows:

a) The account balance or value is calculated

Generally, the account balance or value is the value calculated by the Financial Institutions that is used for reporting to the Account Holder. If Pension Funds calculate the account value of each Account Holder for other reasons (e.g. the investment results reported periodically by Pension Funds to the Account Holder), such account value is applicable to CRS purpose. As a result, for settlors (employers) and beneficiaries (employees), the account value should be the calculated value on the report as abovementioned.

b) The account balance or value is not calculated

If RFIs do not otherwise calculate the account balance or value for other reasons, the account balance for the settlors and beneficiaries will be the value of the interest upon acquisition (historical contributions). Where the abovementioned value is unavailable, the account balance will be the total value of the property of the Pension Funds.

Ordering Rules:

	Calculation Status of Account Balance or Value	Account Balance or Value
1	With calculation	The balance or value indicated in the report
2	Without calculation	2.1 Acquisition value
		2.2 The account balance will be the total value of the property of the Pension Funds for both employers and employees.

Note: For details on the above ordering rules, please refer to page 110 and 111 (paragraphs 257 through 261, including Table 7) of [AEOI Implementation Handbook \(Second edition\)](#).

B. For Reportable Accounts that are eligible for receiving pension (e.g. early retirement, employment terminated before due retirement, etc.) but the payment is not duly made as of 31 December of the calendar year, the associated account information is required to be reported in the following calendar year.

Where the payment has been made in the calendar year, the account shall be reported as closure (the account balance reported as zero) in the following calendar year and the information reported shall include the aggregate amount of any redemption payments made to the Account Holder.

5. With respect to the non-vested benefits in Pension Fund Account, how does the RFI report for CRS purpose? *(Added in April 2025)*

In general, upon a member ceasing employment prior to his/her normal retirement date, only the appropriate vested proportion of the employer's balance shall be paid to the member. Employee's benefits usually are subject to a vesting scale based on the number of years of service, and are earned by the employee increasingly year by year.

For the account value, in general, it is the amount which the RFI calculates for the purpose of reporting to the account holder. However, if no vested/non-vested portion is calculated based on the employee's years of service, the account value of the employee should be reported as the total value of the Pension Fund Account.

Example of RFI's calculation for the purpose of reporting to the account holder:

	Employee's account	Employer's account	Total
Contribution	100	200	300
Accumulated gain/(loss)	20	40	60
Market value	120	240	360

As vested and non-vested portion of the employer's account are not calculated, the total value \$360 will be reported for the employee/beneficiary's account. If the employer/settlor is also a Reportable Person, the total value for the employer's account \$240 should be reported.

6. In the event of the death of a member of a Pension Fund, how should the information of the account held by such member be reported? In addition, where there is a designated beneficiary, is it required to conduct due diligence procedures in respect to such beneficiary?

The account can be an Excluded Account if the account is held solely by an estate and the documentation for such account includes a copy of the deceased's will or death certificate. In other words, the account pertaining to the deceased member (Account Holder) is not required to be reported if relevant documentation is obtained. Moreover, the RFI must treat the account as having the same status

that it had prior to the death of the Account Holder until the date it obtains a copy of such documentation, and the RFI is required to perform ongoing review and reporting in respect to the account (if applicable).

Additionally, where a beneficiary upon death has been designated by a member of a Pension Fund, such beneficiary is neither subject to the due diligence procedures nor the provision of self-certification.

7. For Pension Funds, what is the time for review and first reporting year with respect to Preexisting Accounts and New Accounts?

For relevant requirements on time for review and first reporting year, please refer to the description on Annex 1.

Annex 1

Requirements on review and first reporting year with respect to Financial Accounts (Applicable to Pension Funds)

Account Categories			Threshold (MOP)	With an aggregate account balance or value that exceeds the threshold as of 31/12/2021	With an aggregate account balance or value that does not exceed the threshold as of 31/12/2021 but exceeds the threshold as of 31/12/2022, or as of 31 December of any subsequent calendar year	Review Requirement	First reporting year of the accounts that are identified as Reportable Accounts
Preexisting Accounts	Individual Accounts	High Value Accounts	>8 million	✓	---	Should be completed by 31/12/2022	2023
		High Value Accounts	>8 million	✗	✓	Should be completed by the end of the calendar year following the year in which such accounts became High Value Accounts (Example 1)	The calendar year following the year in which the accounts became Reportable Accounts
		Low Value Accounts	≤ 8 million	✗	✗	Should be completed by 31/12/2023	2023 or 2024 (Example 2)
	Entity Accounts	---	>2 million	✓	---	Should be complete by 31/12/2023	2023 or 2024
		---	>2 million	✗	✓	Should be completed by the end of the calendar year following the year in which the aggregate account balance or value exceeded the threshold as of 31 December (Example 3)	The calendar year following the year in which such accounts became Reportable Accounts
		---	≤ 2 million	✗	✗	Not required to be reviewed	Not required to be reported

New Accounts	Individual Accounts	---	---	---	---	Conduct review upon account opening	The calendar year following the year in which the accounts became Reportable Accounts
	Entity Accounts	---	---	---	---	Conduct review upon account opening	The calendar year following the year in which the accounts became Reportable Accounts

Example 1: Where the aggregate account balance or value of a Preexisting Individual Account does not exceed MOP8 million as of 31/12/2021 but the aggregate balance or value exceeds MOP8 million as of 31/12/2022, the review of the account should be completed by the calendar year following 31/12/2022, namely by 2023. And the account information should be reported not later than 30/6/2024 if the account was identified as a Reportable Account.

Example 2: The review of a Preexisting Individual Low Value Account should be completed by 31/12/2023. The reporting year depends on the time at which the account is identified as a Reportable Account. In other words, if the review is completed on or before 31/12/2022, the information of such account should be reported not later than 30/6/2023; if the review is completed in 2023, the information of such account should be reported not later than 30/6/2024.

Example 3: Where the aggregate account balance or value of a Preexisting Entity Account does not exceed MOP2 million as of 31/12/2021 but the aggregate account balance or value exceeds MOP2 million as of 31/12/2022, the review of such account should be completed by the calendar year following 31/12/2022, namely by 2023. And the information of such account should be reported not later than 30/6/2024 if the account is identified as a Reportable Account.