

Arrangements affecting exchange of information on financial accounts

The general feature of arrangements affecting the exchange of information on financial accounts is that it has a detrimental effect on the exchange of information on financial accounts or takes advantage of the lack of information exchange agreements or gaps in national law. In addition to credit institutions, payment service providers are included in the exchange of information on financial accounts.

Information must be provided on the following arrangements which may indicate to the risk of avoiding the exchange of information on financial accounts:

1. the use of such an account, product or investment that is not a financial account or that is not intended to be used as a financial account but which has substantially similar features to the financial account;
2. the transfer of a financial account or assets to such country or jurisdiction or exploiting a country or jurisdiction which has not committed itself to the exchange of information on financial accounts with the country of residence of the relevant taxable person;
3. reclassification of income and assets into such products or payments with regard to which the regulation on the exchange of information on financial accounts does not apply;
4. the transfer or transformation of a financial institution or financial account, or of assets held on such an account, into a financial institution or financial account or an asset with regard to which the regulation on the exchange of information on financial accounts does not apply;
5. the use of such legal persons or legal entities which preclude or the purpose of which is to preclude the provision of financial accounts information about an account holder or controlling person;
6. an arrangement that undermines due diligence or exploits weaknesses in the due diligence measures applied by financial institutions to comply with the reporting obligation on financial accounts, including the exploitation of such countries or jurisdictions where there is inadequate or weak enforcement of anti-money laundering rules or where transparency requirements set to legal persons and legal entities are weak.

Credit and payment institutions are not obliged to report information in respect of arrangements in the assessment of which the main benefit criterion must be considered. If the documents submitted to a credit or payment institution indicate the purpose of obtaining a tax advantage and the financing provided has a significant part in the arrangement, the credit or payment institution is required to provide information in the event that the developer of the arrangement has not complied with the obligation to provide information on the scheme.

Last updated on 08.01.2025