

KPMG AEOI Updates & Tracking Service CRS Alert

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Pakistan: Issued AEOI Implementation Manual

On 31 May 2022, the Federal Board of Revenue (FBR) issued new guidance, the Automatic Exchange of Information (AEOI) Implementation Manual, in order to standardize and improve the process of compliance by Reporting Financial Institutions (RFIs) and provide for the efficient exchange of Common Reporting Standard (CRS) reciprocal data. The manual is divided in two sections-Pillar A and Pillar B as explained below:

Pillar A - CRS Reciprocal Data Guidelines:

- Identification of Activated Partner Jurisdictions (Section 1): The Secretary AEOI will identify the activated CRS exchange relationships on an annual basis. The lists for receiving and transmitting CRS-data will be shared with the Pakistan Revenue Automation Limited (PRAL) team each year, by 15 September.
- Incoming CRS-Data (Section 2): The Secretary AEOI will identify the number of jurisdictions required to send CRS data to Pakistan by 15 September. The PRAL team will evaluate the number of Jurisdictions that have sent CRS data by 15th October every year. Further, the PRAL team will send an acknowledgment within 15 days to each jurisdiction that has sent the required CRS data and the Secretary will follow up with jurisdictions that did not send CRS data by sending emails to competent authorities of the respective jurisdictions.
- Outgoing CRS-Data (Section 3): The Secretary AEOI will seek necessary approval from the required competent authority before transmitting any data by 15 September every year and will ensure that the data is transmitted to every activated partner jurisdiction as identified in the partner jurisdiction list by 30 September every year.

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- CRS-Data Migration & Cleaning (Section 4): This section provides the periodic timelines for the PRAL team to perform data migrations to the AEOI data centre.
- CRS-Data Matching (Section 5): This section provides specific criteria that the PRAL team will use to match the received CRS data with the master database.
- Due diligence on Unmatched CRS-Data (Section 6): The Secretary AEOI will perform due diligence on unmatched data using the Inland Revenue Information system (IRIS) and third-party information sources on a case-to-case basis.
- CRS-Data Dissemination to AEOI Zones (Section 7): The Secretary AEOI will ensure that CRS data which is matched through the automatic matching process is assigned only after approval of the Director General International Taxes.

Pillar B - RFIs Compliance guidelines:

- Registration of FIs (Section 1): The Commissioner AEOI Zones will identify and verify FIs for the purpose of registration as required under CRS rules.
- Voluntary Compliance Measures (Section. 2): To facilitate voluntary compliance by RFIs, the Commissioner AEOI Zones will conduct regular meetings with the representatives of FIs to discuss any legal and technical matters pertaining to the implementation of CRS.
- Compliance Audit and Inspections (Section 3): The Commissioner AEOI Zones will conduct compliance audits and inspections to ensure that FIs are correctly applying the definitions of RFI and Non-RFIs, and due diligence rules on each type of account.
- Risk-based approach (Section 4): International Taxes, FBR and AEOI Zones will adopt a risk-based approach for the implementation of objectives for compliance audits and inspections to prioritize resources to areas of greater risk in relation to the effective implementation of the AEOI Standard.
- Penalties and ensuring Compliance (Section 5): The Commissioner AEOI Zones will impose penalties on non-compliant RFIs, and the concerned zones will follow up with penalized RFIs to ensure compliance in the future.
- Reporting under RFIs Compliance Guidelines (Section 6): The Commissioner AEOI Zones will submit quarterly compliance reports.

Reference: [Circular No. 14 of 2022](#) (PDF 1,151KB)

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For more information on KPMG AEOI Updates & Tracking Service, please see [here](#).

For additional summaries of the latest AEOI developments, please visit KPMG's TaxNewsFlash-FATCA/IGA/CRS Insights page, [here](#).

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