Advice on avoiding common mistakes made in financial accounts declarations

The advice has been put together by the Estonian Tax and Customs Board based on reviews and audits of financial accounts declarations (CRS/DAC2/FATCA) and financial institutions.

1. **A financial accounts declaration must give information about the status of an account (open/closed).**

   Information that must be included in the CRS/DAC2/FATCA declaration submitted to the Estonian Tax and Customs Board has been established by the Regulation of the Minister of Finance No 16 of 19 May 2015: "**Form of Declaration Arising from Tax Information Exchange Act and Establishment of Procedure for Submission and Completion Thereof**".

   One of the mandatory data elements is information on whether a financial account is still open or has been closed in the calendar year for which the declaration has been submitted. A closed financial account does not always mean the termination of a customer relationship, as the customer of a financial institution may wish to close only one financial account. In the context of prevention of money laundering and financing of terrorism, this could also mean the termination of a single financial product agreement.

   Please note that upon termination of a customer relationship, including at the customer's own request, the declaration must contain information about the fact that the financial accounts of the reportable person have been closed in the calendar year for which the declaration has been submitted. This means that if a person's financial accounts are closed and the customer relationship is terminated in 2023, it must be reflected in the declaration for 2023 that is submitted in 2024.

2. **Taxpayer identification number (TIN) and date of birth must be correct.**

   If a financial institution has defined a non-resident customer's financial account as a reportable account, it must identify the account holder's residence for tax purposes and the data necessary for identifying the person. The confirmation of tax residency of the account holder that is a natural person and of the controlling person of the company that is a natural person must be in writing or in a format which can be reproduced in writing (**subsection 11 of § 8^5 of the Tax Information Exchange Act**). The confirmation of tax residency must include the following data:

   - ✓ tax residences;
   - ✓ the identification number(s) of the taxable person;
   - ✓ the date of birth;
   - ✓ contact address.

The correct taxpayer identification number (TIN) must be indicated in the field for TIN. Depending on the jurisdiction, TIN is a combination of numbers that may include full points (.), hyphens (–) or other punctuation marks.

Only text (e.g. “Missing”, “None”, “SWE” etc.), a one-digit number or a person’s date of birth **cannot be indicated in the declaration** instead of a TIN.

In certain cases, the absence of a TIN or the delay in its collection is inevitable under objective circumstances. However, please note that an incorrect entry in the field for TIN significantly complicates the identification of a person in the jurisdiction in which the person is a resident for tax purposes.

We also ask you to make sure that the **correct date of birth and contact address** of a person are indicated in the systems where customer data is stored, as well as in the declarations. The date of birth of a person cannot be, for example, 01.01.1900. Also, the address of a person’s place of residence indicated must be exact, not just the county, rural municipality/city or street name.

3. **The information on the beneficial owners of the accounts of legal persons must be as detailed as in the case of the accounts of natural persons.**

   Due diligence measures and the scope of reporting are similar for both non-resident natural and legal persons. Therefore, when submitting your declarations, please note that the declaration must include the **correct TIN of the beneficial owner of an enterprise and the full and accurate contact address**, not just the county, rural municipality/city or street name.

4. **Residency data and address must correspond to each other.**

   Please make sure that there are no inconsistencies in the data provided by customers, in particular the tax residency data. A possible inconsistency is, for example, a situation where a person is identified in the declaration as a non-resident (e.g. Italian tax resident), but his or her contact address is in Estonia (e.g. Luite street, Tallinn).
   In some cases, this conflict between two jurisdictions can be explained by dual tax residency. If a person has **more than one residence for tax purposes** indicated in a financial institution’s customer data, **both must be included** in the financial accounts declaration.

5. **Non-resident’s financial account must be included in the declarations of consecutive years.**

   Please make sure that a non-resident’s financial account is included in the declarations of all consecutive years in which it is reportable. For example, there have been cases where a financial account was declared in 2018 and 2020 but not in 2019.

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