



Automatic Exchange of Information Services

Alternative Investment Funds and Investment Managers

2016

Following the implementation of U.S. FATCA, the Cayman Islands Tax Information Authority (“Cayman TIA”) confirmed that they are moving forward with the implementation of the OECD Common Reporting Standard (CRS) effective January 1, 2016. CRS’ scope is much wider than FATCA and may impact Investment Managers who were previously Passive Non Financial Foreign Entities (“NFFEs”).

Compliance with CRS is required by Cayman Islands Financial Institutions effective January 1, 2016. As has become standard practice with U.S. FATCA, counterparties such as brokers, custodians, and banks will request a self-certification stating country of tax residence in order to comply with CRS.

CRS expands the scope of U.S. and U.K. FATCA by removing the specific carve-out afforded to investment managers. As such, investment management companies should review their classification under CRS.

How KPMG can help?

Investment managers may require an updated self-certification form to identify the natural controlling person to their counterparties. It is expected that an increasing number of counterparties will request these forms in the coming months, in order to comply with CRS.

Additionally, as the U.S. is a non-participating jurisdiction for CRS purposes, updated self-certification forms may be needed to document the natural controlling person for U.S. domiciled entities.

Compliance - We will perform a review on the investment management company and update the entity classification, if necessary, in order to comply with CRS. If determined to not be a FFI, we will provide a short written summary of the entity classification review and also prepare the self-certification form to provide to your counterparties including any required disclosures regarding the owners of the NFFE.

If the investment management company meets the definition of an FFI, we can assist with the initial registration with the IRS, initial registration with Cayman TIA and any required annual compliance.

For U.S. domiciled hedge funds and private equity funds, where necessary, we can prepare the updated self-certification forms to provide to your counterparties including any required disclosures regarding the controlling persons.

AEOI Roadmap - this is a customized summary of what is required under CRS, U.S. and U.K. FATCA. It includes the key reporting deadlines, the due diligence requirements under all applicable legislation and an overview of the steps required to be compliant. This will also include an update to the entity classification review and the completion of the self-certification form. The Roadmap will provide those responsible for Automatic Exchange of Information (“AEOI”) compliance with a detailed summary of the key tasks and will be a useful resource as part of their AEOI compliance program.

Investor Review - KPMG can review the CRS/FATCA classifications of your investors and provide the comfort of a second opinion on the classifications. Alternatively, KPMG can review and classify your account holders to save you time.

Training/Workshops - CRS is not the same as FATCA and has specific differences in the implementation and applicability to funds. KPMG can deliver training ranging from general awareness to more intensive

academic style training on compliance with the detailed processes described in the regulations.

Reporting - As noted above, there may be reporting obligations imposed upon an investment manager due to CRS whereas no such obligation was applicable under U.S. or U.K. FATCA.

In 2016, Cayman Islands funds are required to submit reports to comply with U.K. FATCA for 2014 and 2015. Moreover, there are additional details required to be submitted within the 2015 U.S. FATCA report which need to be considered. The U.K. government recently indicated it will changeover from the existing U.K. IGA to the CRS beginning January 1, 2016 removing the need for U.K. FATCA Reporting in addition to CRS.

The deadline for submission of the 2015 U.S. FATCA report and the 2014 and 2015 U.K. FATCA report is August 10, 2016.

KPMG can assist you with the submission of your FATCA reports by converting the necessary information to be reported into the required XML format and submit the report to the Cayman TIA for you to ensure acceptance of your FATCA report.

Also, those Cayman Islands funds established in 2015 will have a registration requirement with the Cayman TIA, due by August 10, 2016. KPMG can assist your funds with registering with the Cayman TIA to ensure your fund’s compliance.

The services above are subject to KPMG’s standard client acceptance, independence clearance and due diligence procedures.

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Why Choose KPMG?

We understand the implications of CRS and FATCA and can assist you in identifying your next steps. While the impact of FATCA was considerable, the impact of CRS is expected to be larger given the lack of account balance thresholds and the search for non-resident investors from more than 60 jurisdictions. KPMG's approach reduces the scope, scale and duration of the CRS and FATCA projects, freeing your resources to focus on important commercial initiatives.

Dedicated Resources - KPMG has a dedicated AEOI team consisting of highly experienced individuals, including our Partner, who is a member of the Cayman Islands FATCA/CRS working group. KPMG is therefore best placed to work with you and your funds/investment management company to meet CRS' and FATCA's compliance requirements as the legislation and guidance evolves.

Experience - KPMG has worked with a large number of clients providing clarity to their AEOI queries and addressing their AEOI concerns, demonstrating our experience in assisting you with your needs.

Have Questions?

KPMG in the Cayman Islands has an AEOI Help Desk for any questions you may have. Contact the KPMG Cayman AEOI team at aeoi@kpmg.ky.

Key Dates in 2015:

December 31:

- Accounts opened as of this date are considered to be pre-existing accounts for purposes of CRS

Key Dates in 2016:

January 1:

- Financial Institutions ("FIs") will be required to have new account opening procedures in place as of this date to comply with CRS

June 30:

U.S. and U.K. FATCA deadline for FIs to complete remediation on pre-existing low value accounts and entity accounts

August 10:

- Deadline for submission of U.S. FATCA report covering 2015 to the Cayman TIA
- Deadline for submission of U.K. FATCA report covering 2014 and 2015 to the Cayman TIA

August 10, 2016 is the U.K. FATCA deadline for Cayman Islands FIs to provide the Cayman TIA with:

- Financial Institution Name
- FATCA classification under the IGA
- GIIN
- Principal Point of Contact

August 10, 2016 is the U.S. FATCA deadline for those Cayman Islands FIs established in 2015 to provide the details noted above.

December 31:

- CRS deadline for FIs to complete remediation procedures for pre-existing high value (>\$1M) individual accounts

Key Dates in 2017:

April 30:

Deadline for Cayman Islands FIs to provide the Cayman TIA with:

- Financial Institution Name
- Classification under the Common Reporting Standard
- Principal Point of Contact

May 31:

- Deadlines for submission of the first CRS, and 2016 U.S. and U.K. FATCA reports to the Cayman TIA

December 31:

- Deadline for FIs to complete remediation on pre-existing low value accounts and entity accounts

Contact us



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