

# Standard for Automatic Exchange of Financial Account Information and Your Business

November 2019



The Standard for Automatic Exchange of Financial Account Information (AEOI) in Tax Matters is a global initiative to provide for the exchange of non-resident financial account holders' information with the tax authorities in the account holders' country of residence. The countries that have subscribed to the standard are required to send and receive pre-agreed information each year, without receiving a request.



## AEOI in General

- Information exchange has become needful as the world becomes increasingly globalized, and taxpayers can afford to keep large sums of monies in offshore banks with the aim of evading taxes which would otherwise be due if the funds were held elsewhere in their home countries.
- AEOI exists to reduce global tax evasion, and protect the integrity of tax systems.
- It requires Financial Institutions (FI's) to report information on reportable accounts held by individuals and/or entities.



## AEOI in Ghana

- The Standard for the Automatic Exchange of Financial Account Information Act, 2018 (Act 967) was passed into law in May 2018 pursuant to Ghana becoming a signatory to the OECD's Common Reporting Standards.

### Impact

The passage of Act 967 means that high net worth account holders (individuals and/or entities) will now be monitored in Ghana for AEOI purposes.

### Dispute Resolution

The provisions on dispute resolution, penalties and offences of the Revenue Administration Act, 2016 (Act 915) are applicable under Act 967.



## AEOI Reporting Requirements in Ghana

- Act 967 classifies Ghanaian Financial Institutions into Reporting Financial Institutions (RFI) and Non-Reporting Financial Institution (NRFI).
- The Commissioner-General of the GRA is required to publish in the Gazette, and in at least two national daily newspapers the list of all Non-Reporting FI's (NRFI), and the list of all participating and reportable jurisdictions.
- A NRFI is a financial institution that has no obligation to file a report under Act 967.
- Financial Institutions which are not listed as Non-Reporting Financial Institution are considered as Reporting Financial Institution for the purposes of compliance with the Act 967.
- A RFI is defined to mean a depository institution; a custodial institution; an investment entity; or a specified insurance company.
- Ghanaian Reporting FI's are required to review financial accounts of individuals and entities to identify Reportable Accounts (RA's) after applying relevant due diligence rules and procedures set out in Section 5 of Act 967.
- Where an FI does not have reportable account, it must file an annual report which states that it does not maintain a reportable account for that calendar year.
- To report relevant information on the reportable accounts, Ghanaian Reporting FI's are required to file an annual AEOI report with the GRA via a secured transmission medium including encrypted electronic mailing within six months following the end of the calendar year to which the report relates.



## Key Dates and Deadlines

- **Due Diligence:** The due diligence requirements under AEOI vary depending on whether the account is a New Account or Pre-Existing Account (i.e. accounts held as at 31 December 2017) and whether the account is a Low Value Account or a High Value Account. Ongoing AEOI due diligence obligations should be completed throughout the year.
- **AEOI Reporting:** FI's are required to file an annual AEOI report, or a declaration that no reportable account is maintained, on or before 30 June with respect to the previous calendar year.
- **Maintaining Records:** FI's are required to retain relevant records in an electronically-readable format for at least six years.



## How Can KPMG Help?

Persons affected by Act 967 such as Reporting Financial Institutions, and their customers with Reportable Accounts could engage KPMG in the following respects:

- **Legal Entity Classification** – Determine an entity's AEOI status and its corresponding registration and reporting obligations.
- **AEOI Policy and Procedures and Due Diligence Review** – Review AEOI policy and procedure documents and information reported to ensure best practices are utilised and maintained, and high quality information is submitted to GRA.
- **Legal Agreements** – Reviewing AEOI language included in legal agreements (i.e. loan agreements etc.).
- **Technical Training Sessions** – Conduct training sessions on AEOI compliance and requirement.
- **Reporting** – Prepare AEOI reports aligned with Ghanaian AEOI reporting requirements to be filed with the GRA by 30 June annually with respect to the preceding calendar year via a secured transmission medium.
- **KPMG Reporting Tool** – KPMG globally has developed an extensive suite of technology tools to assist with meeting due diligence and reporting obligations under the various AEOI regimes.



## Additional information:

If you have any questions, or would like to discuss your particular circumstances, please contact one of the contacts listed below to discuss the potential impact of AEOI on your business.

## Contact the KPMG Ghana AEOI team:



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