



## Cayman Islands Tax Alert: DITC Portal launched

On November 6, 2020, the Cayman Islands Department for International Tax Cooperation (“DITC”) launched the new Cayman Islands DITC Portal for FATCA and CRS reporting. In addition, the DITC published the [DITC Portal User Guide](#) and updated [CRS Guidelines](#). You can read the full announcement [here](#).

### Cayman Islands DITC Portal

The new DITC Portal has launched and is now fully operational to submit the annual FATCA and CRS Reports and the new CRS Compliance Form.

Users who held a User Account (e.g. Principal Points of Contact or Authorizing Persons) on the former AEOI Portal will receive an account activation email from [donotreply@ditc.ky](mailto:donotreply@ditc.ky) with steps on how to access the new Portal.

These activation emails will be issued in stages as part of the opening process. Importantly, please ensure that [donotreply@ditc.ky](mailto:donotreply@ditc.ky) is not blocked by your email spam filters and that you have checked spam folders before contacting the DITC Portal Team regarding missing activation emails.

### CRS Guidelines

The DITC have released updated CRS guidance notes (the “CRS Guidelines”), available [here](#). The CRS Guidelines replace version 3.0 of the CRS Guidance Notes, which were issued in July 2018.

The CRS Guidelines contain important updates including offences and penalties, helpful flow charts for decision making, clarification on the CRS Compliance Form, timing of FI deregistrations, and various other matters.

### Our observations

The new DITC Portal has various updates and new functionalities which provide an overview of all Financial Institutions (“FIs”) assigned to a User and should facilitate a more efficient FATCA/CRS reporting process.

- **All Authorizing Persons (“AP”) and Principal Points of Contact (“PPoC”)** may have already received an email to activate their account. These are being rolled out in stages. The AP and PPoC should follow the link with the email to activate their account on the DITC Portal. Page 5 of the [DITC Portal User Guide](#) has detailed steps and screenshots which provide further guidance.

- **Secondary Users must be reactivated by the PPoC.** The PPoC must reactivate any Secondary Users (e.g. service providers) that were in place on the old AEOI Portal. This is relatively straight-forward and can be completed by selecting the “Activate Secondary User” option from the CRS & FATCA – Reporting Type drop down menu. Page 6 of the [DITC Portal User Guide](#) has detailed steps and screenshots which provide further guidance.
- **Centralized view of all assigned FIs** is now available from the “Entities” page selection at the top ribbon. This overview includes details of the current PPoC, AP and what regimes the FI is registered with the DITC for (i.e. FATCA/CRS, Economic Substance, Country ).
- **Various offences are now included in the CRS Guidelines, including:**
  - **Misclassification of an Entity for CRS purposes** may now constitute an offence and the associated implications including penalties and criminal liability may apply in these circumstances.
  - **Providing misleading & inaccurate information** to the DITC is in violation of the CRS Law and persons who do so may be liable on summary conviction to a fine of \$10,000 or to imprisonment for a term of 5 years, or to both.
  - **Failing to provide information upon request** to the DITC is also a breach of the CRS Law and persons who do so may be liable on summary conviction to a fine of \$10,000 or to imprisonment for a term of 5 years, or to both.
- **The CRS Compliance Form** is now available for submission in a “smart form” format. A bulk upload functionality, in CSV format, will be available in early 2021.
- **The CRS Guidelines confirm that the Compliance Form is required** by all entities that terminated after April 16, 2020.

### Recommended Next Steps

- With the reporting deadline of December 16, 2020, only five weeks away, it is essential that the PPoC login to the new Portal this week and activate the appropriate secondary users (often fund administrators or tax advisors) so that those parties have access to submit XMLs on behalf of each FI.
- There are some key improvements to the portal, but getting familiar with it quickly is going to be key for all third parties filing on behalf of any Cayman Financial Institutions with such a short filing period. The User Guide has the key details required.
- To date our firm has already been able to file both FATCA and CRS reports, for Cayman FIs, including nil returns - CRS Filing Declarations. The portal is functioning as expected.
- FATCA filings as sponsored entities is an area that requires further review. It is virtually certain that sponsored FATCA reporting is no longer an option in the new portal. We have asked DITC to clarify this in the User Guide or issue an FAQ. This will have a significant impact on large fund groups as many of them used sponsored

reporting for sometimes 50 or more Cayman funds with just one XML to upload to complete the FATCA filings.

- There are some bulk upload options/features that should improve efficiency for large groups.

If you have any questions or if you require any further information on these changes, please [contact us](#).

### **Cayman Islands Portal User Guide**

The DITC has published a detailed DITC Portal User Guide, available [here](#). This User Guide includes detailed guidance and screenshots of the new DITC Portal and should be reviewed in detail prior to carrying out 2019 FATCA/CRS reporting.

### **FATCA and CRS reporting deadlines extended**

As detailed in our previous alert, the DITC has confirmed that the 2019 FATCA & CRS reporting deadlines have been extended due to delays in the launch of the new DITC Portal.

- The deadline for registration of new FIs and submission of 2019 FATCA & CRS Reports has been extended to **December 16, 2020**.
- The deadline for submission of the new CRS Compliance Form is extended to **March 31, 2021**.

Penalties may be applicable where the aforementioned deadlines are not met.

### **How can we help?**

With the announcement earlier this year of a CRS audit program and the new CRS Compliance Form, we recommend that those charged with governance of Cayman Islands FIs and TDTs consider a review of their written policies and procedures and whether an AEOI Health-Check should be conducted this winter to ensure the FI / TDT is adequately prepared, in the event they are selected for a DITC review.

We can also assist with annual FATCA/CRS reporting, including the CRS Compliance Form, and technical queries on the new DITC Portal.

If you have any questions on the above, or if you would like any further information, please do not hesitate to [contact us](#).



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## Key links

- [CRS Compliance Form](#) and [CRS Compliance Form Notes](#)
- [DITC Portal User Guide](#)
- [CRS Guidelines](#)
- [DITC Website](#)
- [KPMG Global AEOI Alerts Summary](#)
- [KPMG in the Cayman Islands](#)

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If you have any questions, please send an email to [marketing@kpmg.ky](mailto:marketing@kpmg.ky).

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