

## KPMG AEOI Updates & Tracking Service FATCA/CRS Alert

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### Finland: Updated FATCA and CRS FAQs

On 25 October 2023, the Tax Administration of Finland updated its FATCA and CRS Frequently Asked Questions (FAQs).

The change in the FATCA and CRS FAQs is as follows:

- Section 4 Special questions related to fulfilling reporting obligations: An additional question was added regarding how Financial Institutions (FIs) should handle the processing of recalcitrant accounts. A recalcitrant account is one where the account holder does not provide necessary information for determining its reportability as a U.S. account. The FATCA agreement does not require reporting for these accounts in the FATCA annual declaration, but reporting is an option for FIs to avoid certain obligations under U.S. law. Ideally, FIs would withhold U.S. withholding tax on U.S. sourced payments. However, the Finnish Tax Administration cannot handle this tax collection. Under the FATCA agreement, FIs are allowed to report these recalcitrant accounts on their FATCA annual return. Such reporting treats the accounts like U.S. reportable accounts, which also means that FIs should use the appropriate replacement Tax Identification Number (TIN) code in the absence of a U.S. TIN. Accordingly, FIs need to choose between withholding the tax, reporting the account in the FATCA annual declaration, or closing the accounts if the account holders are reluctant to provide the required information.

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Reference (Finnish): [FAQs](#)

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