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Automatic exchange of bank account information

The cabinet has adopted a bill to regulate the automatic exchange of bank account and investment income information with the 60 co-signatory states of the “multilateral competent authority agreement on automatic exchange of financial account information”.

On October 29, 2014 Germany agreed a “multilateral competent authority agreement on automatic exchange of financial account information with 50 other states. In the meantime, 10 further states have acceded to this agreement. Basically, the agreement provides for the automatic transfer of the bank account information between the parties to the agreement on accounts held at banks in the state in question for accountholders in the other country. This information includes the name, address and tax number of the accountholder, the account balance at year end and the amounts of investment income (as well as the proceeds from the sale of investments) credited to the account during the year. The accounts affected are all those held with financial institutions and therefore include investment funds, insurance companies and other financial players as well as banks. The information is to be reported annually by September 30 of the following year between the competent authorities named for each state. In Germany, this is the Central Tax Office. Generally, 2017 is the first reporting year (on 2016 information), although some signatories to the agreement have negotiated a delay of one further year as needed for their own organisational or legalistic reasons. Notable among these are Australia, Austria, Canada, New Zealand and Switzerland.

The cabinet has now adopted bills to be laid before parliament ratifying the multilateral agreement and setting out the reporting and discovery obligations of German financial institutions towards the Central Tax Office. Basically, the information must be reported to the Central Tax Office by July 31 of the following year – the first reporting year being 2017 on information on, or for the year ended on, December 31, 2016.

Keywords

automatic exchange of financial account information, bank account information, competent authority