

The multilateral competent authority Agreement on automatic exchange of financial account information

On March 26, 2018 Turkey ratified the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information promoted by the OECD.

The **intended first information exchange date for Turkey was September 1, 2018**. From that date, Turkey has been automatically exchanging financial information with other parties of the Multilateral Agreement, such as Spain.

The purpose of this Multilateral Agreement is to facilitate international co-operation through the exchange of relevant information for the administration, in order to **promote a more effective enforcement of domestic tax laws**.

The information to be exchanged is, with respect to each Reportable Account of another Jurisdiction:

- a) The **name, address, National Identity Number, date and place of birth** (in the case of an individual) of each Reportable Person that is a Bank Account Holder and, in case of a Legal Entity (Companies) after the application of due diligence procedures consistent with the Common Reporting Standard (CRS), **the name, address, and the Tax Identification Number (TIE)** of the Entity and the **name, address, NIE, date and place of birth of each the Controlling Person**.
- b) The **bank account number** (or functional equivalent in the absence of an account number);
- c) The name and identifying number (if any) of the Reporting Financial Institution;
- d) The **account balance or value** (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as at the end of the relevant calendar year. If the account was closed during such year or period, this should be at the date of the closure of the account.
- e) In the case of any Custodial Account:
 - (1) the **total gross amount of interest, dividends**, and any other **income** generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period; and
 - (2) the total gross proceeds from the sale or redemption of Financial Assets paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee, or otherwise as an agent for the Account Holder;
- f) In the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and



- g) In the case of any account not described in subparagraph 2(e) or (f), the total gross amount paid or credited to the Account Holder with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

In the case of Spain, the Tax Agency requires –from January 1, 2016, the date of entry into force of the Multilateral Agreement in Spain– any tax contributor owning or controlling financial accounts **to identify their tax residence to the financial institutions where they hold their accounts**. Nevertheless, the first date intended for the exchange of information, in relation to Turkey, will be determined by Turkey, and this was September 2018, as it was the later party to join the Multilateral Agreement.

In the event of **non-compliance**, in addition to the application of the specific regime of infringements and sanctions established in Spanish Tax legislation, it has been stipulated that if this identification has **not been provided within ninety days of the request to open the account, the financial institution will not be able to debit, credit or carry out any other operations on the account until this has been provided**.

Moreover, the administrative assistance included in the Multilateral Agreement also comprises the recovery of foreign tax claims, **simultaneous tax examinations**, tax examinations abroad, assistance in recovery, **measures of conservancy and joint tax audits**.

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