



*Competent Authority
Ministry of Finance
Nassau, Bahamas*

Automatic Exchange of Financial Account Information Undocumented Accounts

Effective immediately, Reporting Financial Institutions are required to report Undocumented Accounts.

An “Undocumented Account” generally arises when a Reporting Financial Institution is **unable** to obtain information from a **Preexisting Individual Account Holder** in order establish his/her tax residence.

Entity Accounts or New Individual Accounts cannot classify as Undocumented Accounts (only applicable to Preexisting Individual Accounts).

If the only indicia the Reporting Financial Institution has identified is a “hold mail” or “in-care-of” address in a Reportable Jurisdiction and no other indicia is found the Reporting Financial Institution must apply special procedures (please see below). If neither of these special procedures successfully establishes the Account Holder’s residence for tax purposes, the Reporting Financial Institution must report the account to the tax authority as an undocumented account.

Strict requirements for “Undocumented Accounts” reporting

Preexisting Individual Lower Value Accounts

- Electronic record search (only “hold mail” instruction or “in-care-of” address in a Reportable Jurisdiction discovered and no other indicia discovered).

Special Procedures

- In the order most appropriate, apply the paper record search or seek for self-certifications/documentary evidence to establish the residence for tax purposes of the Account Holder.
- No need to re-apply this procedure in any subsequent year (following the initial review), unless there is a change in circumstances or the account becomes High Value.

Preexisting Individual High Value Accounts

- Enhanced review including electronic record search, paper record search and relationship manager inquiry (only “hold mail” instruction or “in-care-of” address in a Reportable Jurisdiction discovered and no other indicia discovered).

Special Procedures

- Seek for self-certifications/documentary evidence (failed to the self-certs/documentary evidence).
- The procedure needs to be re-applied annually until the account ceases to be undocumented.

Monitoring the reporting of “Undocumented Accounts”

The Competent Authority will conduct some intelligence activities with respect to the number of Undocumented Accounts reported, i.e. identification and analysis of Undocumented Accounts and the Reporting Financial Institutions that reported them.

The Competent Authority will keep a list of Reporting Financial Institutions that have reported Undocumented Accounts.

The Competent Authority should also monitor the total number of Undocumented Accounts that have been reported by each Reporting Financial Institution.

The Competent Authority should also monitor the percentage of Undocumented Accounts to the total accounts reported by each Reporting Financial Institution.

The Competent Authority should annually compile the above information, including that regarding comparison of the data in different reporting cycles. The compiled information will be used to facilitate and prioritize (where needed) the follow-up processes with the Reporting Financial Institutions and to inform the overall risk assessment and compliance activities of the tax administration.

Follow-up Procedures

The Competent Authority may reach out to the Reporting Financial Institution and ask verify whether they know what an Undocumented Account means for the purposes of CRS. If the Reporting Financial Institution does not know what an Undocumented Account is the Competent Authority should provide further details on the definition of an Undocumented Account.

Reporting Financial Institutions are expected to conduct the ongoing due diligence procedures described above on undocumented accounts and document the activities conducted.

The Competent Authority will follow up with all Financial Institutions that have reported Undocumented Accounts

There is an expectation that the number of Undocumented Accounts should decrease over time.

The Competent Authority, through the Designated Supervisory Authorities, may conduct audit checks on the Reporting Financial Institution to ensure that that

they have correctly understood the criteria for an account to be reported as undocumented and have conducted the due diligence procedures as required and document the activities conducted.

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Ministry of Finance
