

Decree-Law No. 6 of 2024 on Exchange of Information for Tax Purposes (Common Reporting Standard 'CRS')

Presenting Law No. 6 of 2024: Enhancing Tax Information Exchange

On July 14, 2024, Kuwait enacted Decree-Law No. 6 of 2024, focusing on enhancing tax information exchange. This law introduces important changes aimed at promoting financial transparency. Below, we summarize the key provisions and implications of this new law.

1. Meeting Compliance and Reporting Requirements:

- **Timely Response:** Individuals and businesses must respond promptly to information requests from authorities within 21 days.
- **Documentation and Record-Keeping:** Financial institutions are now required to maintain detailed records of their due diligence procedures for at least six years.
- **Reporting requirements:** Financial institutions responsible for reporting must ensure that the information reports they submit to the competent authority are audited and certified by one of the accredited audit firms listed by the competent authority. *Importantly*, auditors cannot combine the tasks of auditing the declarations and acting as auditors for the same financial institution whose declarations they are certifying.

2. Oversight and Authority:

- The oversight responsibility falls under the Minister of Finance or their designated representative.
- Authorities have the power to request and gather information from any individual or entity within Kuwait.

3. International Information Exchange

- **International Cooperation:** Kuwait is actively participating in international cooperation, exchanging tax-related information with other countries.
- **Automatic Exchange:** Financial institutions must submit comprehensive annual reports by May 31 of the following year.

4. Responsibilities for Financial Institutions:

- **Systems and Compliance Officers:** Financial Institutions must establish robust internal systems and appoint compliance officers to ensure adherence to the new regulations.
- **Customer Due Diligence:** Customer due diligence is crucial, including collecting self-certification certificates as per anti-money laundering requirements to prevent financial crime.

5. Penalties for Non-Compliance:

- Violations carry penalties ranging from written warnings to fines between 10,000 and 20,000 Kuwaiti Dinars.

6. Regulatory Measures for Non-Compliance (Article No. 12):

In case of proven violations, regulatory authorities may take various measures to ensure compliance, including *warnings*, *specific compliance orders*, and *temporary suspension or revocation of licenses* if necessary.

7. Confidentiality and Legal Provisions:

- **Confidentiality:** Information collected under this law is strictly confidential and can only be disclosed as permitted by law.
- **Legal Precedence:** The new law takes precedence over conflicting legislation to ensure uniformity in compliance and reporting standards.

8. Implications and What's Next:

- This legislative update aligns Kuwait with global standards for tax transparency, underscoring our commitment to combat tax evasion.
- We encourage you to take immediate action to comply with these new requirements to avoid penalties.

Upcoming Executive Regulations

We anticipate further clarity on implementation when the Minister of Finance issues executive regulations.



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