



RSM Kuwait Tax News Flash

Kuwait Ministry of Finance Requires Banks to Report Non-Compliant Clients

In an effort to ensure compliance with international agreements on tax information exchange, the Kuwait Ministry of Finance (MoF) has directed banks and other financial institutions that they must inform the Central Bank of Kuwait (CBK), the Capital Markets Authority (CMA), and the Insurance Regulatory Unit (IRU) about their clients who are not cooperating in applying these international agreements.

If the financial institutions do not inform the supervisory authorities, then these authorities will take appropriate legal measures against the concerned institutions.

The MoF's direction was in response to inquiries from local banks regarding the challenges they face in implementing tax information exchange agreements, (specifically the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)). Banks were seeking clarifications on the appropriate actions to be taken, when their customers have obligations, such as loans or credit facilities.

By requiring financial institutions to report non-compliant clients, the MoF aims to uphold international agreements related to the exchange of tax information. This move is part of broader efforts to promote transparency and combat tax evasion. It is important for banks to adhere to these regulations and take appropriate action to ensure compliance with Kuwait's international agreements.

The draft law for the automatic exchange of tax information has already been sent to the relevant legislative authorities to provide their opinions and observations.

We will keep you posted with any development or update in this regard.

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