**ADVISORY**
Industry Information

Opening of DITC Portal Updates on AEOI and Economic Substance

November 2020

The Department for International Tax Cooperation (“DITC”) Portal is now open. The DITC’s industry advisories dated [30 October 2020](#) and [12 November 2020](#) advise industry of updates in relation to the automatic exchange of information for CRS and FATCA and economic substance respectively. This advisory provides a summary of the key points.

Opening of DITC Portal for AEOI

The DITC Portal is now open for CRS and FATCA purposes, as anticipated in our [previous advisory](#) and the DITC’s industry advisory dated 30 October 2020. Users at clients who held a User Account on the former AEOI Portal will receive an account activation email from donotreply@ditc.ky with steps on how to access the new DITC Portal. For new CRS and FATCA notifications, the DITC portal is accessed by clicking “*CRS & FATCA Registration*” on the DITC Portal. Reporting Financial Institutions must register on the DITC Portal if not already registered previously on the AEOI Portal.

Action point: *Users in relation to entities which are classified as financial institutions for CRS and FATCA purposes are encouraged to access the DITC Portal and commence registration and reporting, as applicable, in line with the revised deadlines discussed below.*

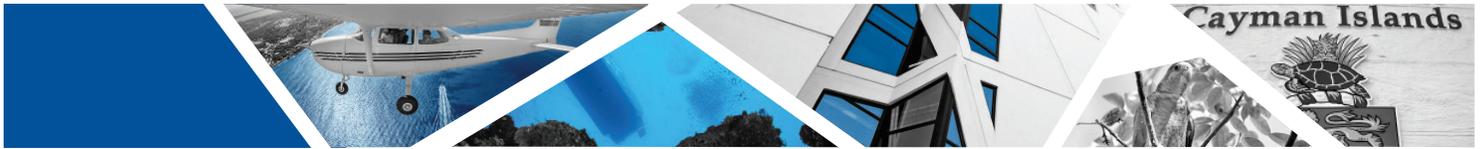
AEOI 2020 Deadlines

The 2020 deadlines are extended as follows:

- >> the new entity registration deadline for CRS and FATCA is extended to 16 December 2020 (instead of 30 April);
- >> the reporting deadlines for CRS and FATCA are extended to 16 December 2020 (instead of 31 July); and
- >> the CRS Compliance Form filing deadline is 31 March 2021 (instead of 15 September).

New DITC Portal User Guide and CRS Guidelines v.4

A new DITC Portal User Guide and CRS Guidelines v.4 are now available on the [DITC’s website](#).



Sample Economic Substance Returns

The DITC's industry advisory dated 12 November 2020 provides industry with the sample economic substance returns which need to be completed by any Relevant Entity conducting Relevant Activity. As well as a [sample standard Economic Substance Return](#), the DITC has also provided a [sample Economic Substance Return for Pure Equity Holding Companies](#), which are subject to a reduced economic substance test, and a [sample Economic Substance Return showing the additional questions for High Risk IP Companies](#), which are subject to a more onerous test.

The sample Economic Substance Returns set out the information that must be provided by all Relevant Entities that conduct Relevant Activity. This includes reconfirming or amending the Relevant Activity undertaken by the Relevant Entity in its Economic Substance Notification and providing information about the economic substance the Relevant Entity has in place and details of any parent entities and beneficial owners, as well as uploading the financial statements or books of account for the relevant financial year which the Relevant Entity is required to keep under the Companies Law, Limited Liability Law or Limited Liability Partnership Law (as the case may be). To the extent that any Relevant Entity conducting Relevant Activity outsources any of its core income generating activities ("CIGA") to an outsourced service provider, the industry advisory provides a sample of the information which an outsourced service provider will need to provide to register as such.

Action point: *We recommend that a Relevant Entity conducting Relevant Activity prepare the information required to file an Economic Substance Return as soon as possible, as there may be a short window for filing in advance of the deadlines discussed below once it become possible to submit Economic Substance Returns on the DITC Portal. To the extent that any Relevant Entity conducting Relevant Activity has not yet taken adequate steps to implement economic substance in place, any additional steps will need to be taken as soon as possible. For further information, please see our advisory providing an [overview of the economic substance regime](#).*

Sample Updated Form for Entity Tax Resident in Another Jurisdiction

An entity that is not considered a Relevant Entity by virtue of an exemption is not required to complete the economic substance return. However, where an entity is claiming an exemption from being a Relevant Entity by virtue of being tax resident overseas, the entity will need to complete a form to claim the exemption. The DITC has provided a [sample Updated Form for an Entity Tax Resident in Another Jurisdiction](#).

Action point: *We recommend that an entity that is required to submit a Form for Entity Tax Resident in Another Jurisdiction prepares the required information as soon as possible, as there may be a short window for filing in advance of the deadlines discussed below once it become possible to submit Form for Entity Tax Resident in Another Jurisdiction on the DITC Portal.*

Economic Substance Deadlines

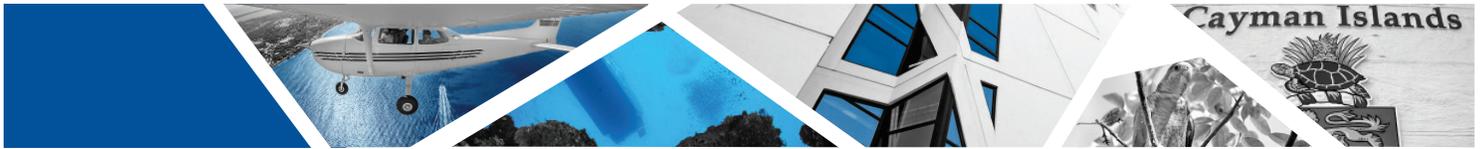
An Economic Substance Return must normally be submitted within twelve months after the end of the financial year of a Relevant Entity conducting Relevant Activity. However, the economic substance deadlines have been extended, for this year only, as follows:

- >> the deadline for submitting Economic Substance Returns for Relevant Entities carrying on IP business which were due to file on or before 31 December 2020 is extended to 31 January 2021;
- >> the deadline for submitting all other Economic Substance Returns is extended to 28 February 2021 unless the reporting deadline falls after 28 February 2021, in which case the deadline remains at 12 months after the end of the financial year; and
- >> the deadline for submitting the Form for Entity Tax Resident in Another Jurisdiction is extended to 28 February 2021.

The DITC's industry advisory dated 12 November 2020 provides a number of examples of how economic substance reporting periods apply in practice, depending on a given Relevant Entity's financial year end.

Economic Substance Notifications

The Economic Substance Notification submission window for 2020 is anticipated to open soon. Once it is available an update will be posted on the news and updates page on the DITC website.



Contacts

Walkers has a dedicated global Regulatory & Risk Advisory practice group that can offer legal advice and assistance in connection with all aspects of AEOI, economic substance and all other regulatory compliance. Walkers and Walkers Professional Services (“WPS”) can assist with both completing and filing the CRS Compliance Form. Walkers is also able to classify entities for FATCA, CRS and economic substance purposes, provide appropriate written CRS policies and policies and, together with WPS, assist clients with AEOI customer due diligence, filing obligations and provide Principal Points of Contact and Authorising Persons for clients, as well as assisting with all economic substance filings and implementation.

For further assistance, please speak with your usual Walkers contact or one of the following:

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