IOTA Forum

Use of Data from the Automatic Exchange of Information

Group Discussion 2

Methods/Procedures for the use of CRS data to identify non-compliance of FI's/ Domestic taxpayers

Digital Meeting on
26 – 27 November 2025

Question 1

How do you monitor the reporting of TINs and Dates of Birth in your jurisdiction, and how are the results of this monitoring used to inform your overall risk assessment under your compliance strategy?

FEEDBACK FROM GROUP 1 (red)

- A major focus was on critical data elements like TINs and dates of birth. Missing or invalid entries remain a top risk indicator.
- Many jurisdictions use risk rating matrices and analytical tools to prioritize cases, especially when anomalies suggest new accounts without proper documentation.
- Pre-existing accounts continue to pose challenges, but innovative approaches—such as flagging new accounts and using automated checks—are emerging.

In one country, they use an analytical tool to identify cases of missing TINs and dates of birth, etc. That gives them the first point of direction. They have a risk scoring metric. They assess the quality of data. These two are the most important data, and they have to be right. At the beginning 4-5 years ago, they turned back to FI's to ask for missing TINs, but now this is not applicable

Another member said that they started to control all missing TINs, refering to pre-existent accounts, but they were very old, maybe 30-40 years old. The bank had not communicated with them for the last 10-15 years. For missing TINs they check if this is a new account or not. The communication is made in August in order to have time before the exchange. This is based on a risk analysis strategy, since they have to audit millions of accounts.

Another member stated that they currently check them after reporting; they search if any field is missing, or if the TIN is valid. They use the matching rate also for risk assessment to see if there is a need for an audit. They also check if there is a self-certification or not. That is also a crucial factor in the audit case selection, or not.

Question 2

When using incoming CRS data and matching it with your domestic databases, have you identified any errors that may indicate incomplete or incorrect reporting or non-compliance with due diligence procedures by Reporting Financial Institutions in the sending jurisdiction? What actions have you taken in response?

FEEDBACK FROM GROUP 1 (red)

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- Manual matching of incoming CRS data often reveals **systemic errors**, such as dummy or repeated dates of birth and incorrect currency codes.
- While some jurisdictions act case-by-case, there is growing interest in **systematic error tracking** and bilateral feedback mechanisms to improve data quality across exchanges.

Question 3

Once potential discrepancies are detected, what risk indicators or analytical techniques do you use to prioritise cases for follow-up (e.g. undeclared foreign accounts, high-value balances, dormant accounts)?

FEEDBACK FROM GROUP 1 (red)

- Common practice is to **compare CRS data with domestic tax returns** to identify undeclared income or discrepancies.
- High-value mismatches and accounts with significant adjustment potential are prioritized for follow-up.
- Resource constraints mean that automation and smarter analytics are seen as critical for scaling these efforts.
- One member said that they compare the discrepancies, how and where they are coming from, if something is not reported and has come from CRS data. They put some scoring in these discrepancies. Sometimes it can be a common mistake i.e. reporting an income from an offshore in another box (instead of the right one) of the income tax return. This could be an issue by the FIs as well.

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Question 4

What is the level of sampling that auditors have to examine, as part of the review of the compliance of the Financial Institutions?

FEEDBACK FROM GROUP 1 (red)

- Sampling remains one of the most **resource-intensive tasks**, with thousands of documents to review.
- Some jurisdictions are piloting **AI-assisted tools** to streamline sampling and detect patterns faster.
- On-site audits and direct system access at financial institutions are becoming standard, though initial resistance required clear legal backing.

Question 1

How do you monitor the reporting of TINs and Dates of Birth in your jurisdiction, and how are the results of this monitoring used to inform your overall risk assessment under your compliance strategy?

FEEDBACK FROM GROUP 1 (yellow)

TINs matching remains a big issue for all administrations, and the question is what we can do to improve the quality of TINs reporting, and provide support to FIs.

In one country, DoB are validated regarding the format and consistency, while TINs are more difficult to validate. It is very useful to receive feedback from exchange partners on whether the TIN or DoB is correct or not.

In another, a different approach was implemented, as the preliminary internal check, which was using the OECD list of TINs, appeared not very accurate. Therefore, they contacted each jurisdiction directly to receive verified information. This info is published on the internal IT system. If TINs are incorrect, the Fi will receive notification, but the report is accepted. This process is in place for 3 years, maybe soon there will be some results on the effect. Immediate feedback from exchange partners can also be very useful for such purposes, as investigating money laundering cases.

In another member, a validation system for TINs exists; they are published on web. For DoB, the data from Fis is matched with internal IT systems, and Fis will get automatic notifications on the incorrect TINs and DoB. Frequent reporting of incorrect data is a risk factor and can lead to an audit.

In another tax administration, DoB is usually not a problem. Validation is carried out automatically; there is an EC online validator. Alerts are issued regarding mistakes in the TINs and DoB – automatic emails are sent. This info is used for risk analysis in the end.

Sometimes, it is difficult to identify the country of tax residence. One's citizenship is not always the same as tax residency.

Question 2

When using incoming CRS data and matching it with your domestic databases, have you identified any errors that may indicate incomplete or incorrect reporting or non-compliance with due diligence procedures by Reporting Financial Institutions in the sending jurisdiction? What actions have you taken in response?

FEEDBACK FROM GROUP 1 (yellow)

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In one member, the place of birth is validated in addition to DoB. Also, sometimes, self-certification is not new. Fis normally understand their obligation, but sometimes human factor causes errors when data are entered manually.

Another member used to share questionnaires with multiple IFR and to send to all identified IFR notifications before the reporting deadline to remind them about the declaration obligation, and having emphasized some issues that they should avoid. For the moment, they are developing a risk matrix which includes important risks criteria for identifying non-compliant IFR.

Question 3

Once potential discrepancies are detected, what risk indicators or analytical techniques do you use to prioritise cases for follow-up (e.g. undeclared foreign accounts, high-value balances, dormant accounts)?

FEEDBACK FROM GROUP 1 (yellow)

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In one country, the discrepancy analysis approach is widely applied. Balances comparisons (increasing and decreasing) are very useful. High-value accounts are under constant monitoring, but zero or low-value balance accounts can be checked as well. Education is offered for those who forgot to close accounts, for example.

In another country, they used to ask such questions as why do you have accounts in this country if it is a low or no-balance account.

Another member also identified a massive problem reported by the banks on inactive accounts, when holders just forgot to close them.

Low-balance accounts can be a risk, as it is easy to hide accounts used for tax evasion in the massive number of such low-balance accounts.

It obviously makes sense to analyse how many low-balance accounts are reported and what can be done to reduce their number.

Question 4

What is the level of sampling that auditors have to examine, as part of the review of the compliance of the Financial Institutions?

FEEDBACK FROM GROUP 1 (yellow)

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In one tax administration, further to discussions with the OECD, the number of sample accounts is increasing, but it does not affect the number of audits. Non-reported accounts are included as well. Criteria can be a lot of mismatched TINs, incorrect DoBs, and feedback on specific accounts from foreign jurisdictions.
Nudging is not used by all jurisdictions. General information is sent out that we have received data from abroad.
Nudging and sharing of all information works very well to improve compliance.
Another tax administration shares all information received with taxpayers.
Another member uses nudges and includes all information received from CRS and FATCA. Also, there is an information campaign explaining what information from which countries was received. The same approach will be applied to crypto-assets.
Massive education and information work well.
One country shared that it does not have systematic nudges, but information can be shared in individual cases about the incorrect TINs or DoB.

Question 1

How do you monitor the reporting of TINs and Dates of Birth in your jurisdiction, and how are the results of this monitoring used to inform your overall risk assessment under your compliance strategy?

FEEDBACK FROM GROUP 1 (green)

One country uses an offline platform with automated controls and manual checks to ensure data quality.
Another one state that it is mandatory TIN and date of birth; real-time validation and rejection of incorrect records. EU and UK TIN validation in place; manual quality controls for other jurisdictions.
Another country emphasized balance between strict collection and maintaining data exchange volume; making TIN mandatory at first step could be counterproductive.
One last country spoke on the missing TINs and DOBs are major compliance indicators; high omission rates trigger targeted campaigns.

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Question 2

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FEEDBACK FROM GROUP 1 (green)

One country said that the issue with country code “NO” misinterpreted as “No” (not reportable), leading to unidentified accounts. Feedback forms sent to partner jurisdictions to address mismatches.
Matching systems in Norway achieve ~95% accuracy using TIN, names, and historical data.

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Question 3

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FEEDBACK FROM GROUP 1 (green)

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Taxpayer Compliance

One administration said that CRS data used in casework without strict thresholds; small figures can reveal larger risks (e.g., crypto activity).
Some other members said that pre-filled tax returns challenged by timing of CRS data (available in September).
Nudges and letters used for follow-up based on risk and value.

Financial Institution (FI) Compliance

Common risk indicators: undocumented accounts, missing TINs/DOBs, incomplete addresses, abnormal balances.
One country shared that it scores FIs based on expected vs. actual reporting; audits selected using risk-based models and segmentation by market type.
Another one uses risk scoring feeds into FI audit selection.

Question 4

What is the level of sampling that auditors have to examine, as part of the review of the compliance of the Financial Institutions?

FEEDBACK FROM GROUP 1 (green)

According to one country's feedback: Larger FIs – sample 200–250 accounts (reported and non-reported); smaller FIs – all accounts if <25.
Another country said that there is no fixed number; typically 100–200 accounts across categories (under/over-reporting, random checks).