



## **GOVERNMENT OF ANTIGUA AND BARBUDA**

*Ministry of Finance*

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### **INLAND REVENUE DEPARTMENT**

#### **CIRCULAR NO. 6 OF 2024**

**TO: ALL REPORTING FINANCIAL INSTITUTIONS (RFI)**

**DATE: NOVEMBER 1<sup>ST</sup> 2024**

**CIRCULAR CONTENT - AEOI-CRS**

**SUBJECT: ANTI-AVOIDANCE (ANTI-CIRCUMVENTION) MEASURES  
UNDER AEOI-CRS COMPLIANCE**

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#### **Overview**

This circular addresses the Anti-Avoidance (Anti-circumvention) measures that financial institutions must implement to ensure compliance with the Automatic Exchange of Information (AEOI) and the Common Reporting Standard (CRS). These measures are essential to prevent account holders from attempting to evade tax reporting obligations through artificial or misleading practices.

#### **1. Anti-Avoidance (Anti-Circumvention)**

Anti-Avoidance (Anti-circumvention) refers to the strategies and procedures designed to prevent individuals or entities from exploiting loopholes or engaging in

practices that undermine the intent of AEOI and CRS regulations. This includes any actions taken to avoid the proper reporting of income or assets.

## 2. Key Anti-Circumvention Measures

Financial institutions must adopt the following measures to detect and prevent circumvention of AEOI-CRS obligations:

- **Robust Due Diligence Procedures:** Implement comprehensive due diligence processes to verify the identity and tax residency of account holders, including:
  - Thorough verification of self-certification forms.
  - Collection of supporting documentation to confirm tax residency claims.
- **Monitoring and Reporting:** Establish systems to monitor account activity for signs of avoidance (circumvention), such as:
  - Unusual patterns of deposits or withdrawals that may indicate attempts to disguise the source of funds.
  - Accounts being opened in the names of nominees or other third parties to obscure true ownership.
- **Risk Assessment Framework:** Develop a risk-based approach to identify high-risk accounts that may be more likely to engage in circumvention. This includes:
  - Regularly reviewing and updating risk profiles based on emerging trends and patterns.

## 3. Training and Awareness

Financial institutions must provide training to staff to ensure they are aware of the tactics used to avoid (circumvent) AEOI-CRS requirements and the importance of maintaining compliance. Training should include:

- Identification of red flags associated with avoidance (circumvention) attempts.
- Procedures for reporting suspicious activities or concerns.

## 4. Collaboration with Authorities

Financial institutions are encouraged to collaborate with the IRD to share information and insights regarding potential avoidance (circumvention) schemes. This may involve:

- Participating in forums or working groups focused on AEOI-CRS compliance.
- Reporting any identified avoidance (circumvention) attempts to the relevant authorities.

## **5. Non-Compliance with Anti-Circumvention Measures**

Failure to implement effective anti-avoidance (anti-circumvention) measures may result in:

- Increased scrutiny from the IRD.
- Potential penalties in accordance with Section 10 of the AEOI Act 2016 against the financial institution for non-compliance.

## **6. Guidance for Financial Institutions**

Financial institutions should ensure that:

- Policies and procedures related to anti-avoidance (anti-circumvention) are documented and regularly reviewed.
- Systems for detecting and reporting suspicious activities are effective and well-integrated into overall compliance frameworks.

## **7. Conclusion**

Implementing robust anti-avoidance (anti-circumvention) measures is crucial for maintaining compliance with AEOI and CRS obligations. Financial institutions are urged to follow these guidelines diligently to prevent avoidance (circumvention) attempts and ensure accurate reporting.

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**For further information, please contact the AEOI/EOI Unit at the IRD at [aeoi.information@ab.gov.ag](mailto:aeoi.information@ab.gov.ag). Please also refer to the relevant IRD's legal framework *the Automatic Exchange of Financial Information Act No. 11 of 2016 and the Automatic Exchange of Financial Information Act No. 18 of 2017* together with relevant amendments. The information has also been posted on the IRD website at <https://ird.gov.ag/index.php/fatca-and-crs>.**