



TAX & CUSTOMS
ADMINISTRATION

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Circular on the outcome of the CRS/FATCA Annual Self- Compliance Questionnaire

You are receiving this letter as a Financial Institution so defined for CRS and/or FATCA purposes and which falls within scope of S.L. 123.127 the Cooperation with other Jurisdictions on Tax Matters Regulations¹ (“the Cooperation Regulations”).

¹<https://legislation.mt/eli/sl/123.127/eng>

1. Background

This circular follows a compliance exercise conducted by the Malta Tax & Customs Administration (“MTCA”) during the first quarter of 2026, under the Cooperation with other Jurisdictions on Tax Matters Regulations, which give effect to the CRS and FATCA framework in Malta. These obligations form part of the international standard for the automatic exchange of financial account information and require Financial Institutions to apply appropriate classification, due diligence and reporting procedures.

This circular is addressed to Financial Institutions within the scope of CRS and/or FATCA, including Reporting Maltese Financial Institutions and, where relevant, Maltese Non-Reporting Financial Institutions (“the Financial Institutions”) as per the relevant regulations. It is directed in particular to the management body, senior management and those with responsibility for governance, due diligence, reporting, compliance and oversight.

Effective implementation of CRS and FATCA is fundamental to the integrity of the tax transparency framework. Financial Institutions are expected to maintain sound classification processes, obtain and validate self-certifications, apply due diligence correctly, retain adequate records and ensure accurate reporting. Weaknesses in these areas may undermine the reliability of exchanged information and expose institutions to regulatory consequences.

This circular sets out the MTCA’s monitoring expectations in respect of ensuring administrative compliance and highlights areas where institutions may need to strengthen their arrangements, controls or operational practices. It should be read together with the Cooperation Regulations and related CRS and FATCA guidance, [linked here](#) for ease of reference.

The Annual Self-Compliance Questionnaire (“SCQ”) is a key supervisory tool for assessing how Financial Institutions are implementing their CRS and FATCA obligations in practice. It helps identify recurring themes, operational challenges and areas requiring closer attention, including governance, due diligence, training, outsourcing and record retention.

This circular draws on information provided through the questionnaire and highlights areas requiring attention from a compliance and supervisory perspective. It also assists MTCA in identifying both good practices and potential weaknesses across institutions’ CRS and FATCA compliance frameworks.

Its purpose is to clarify supervisory expectations, highlight key observations from the questionnaire responses and support Financial Institutions in strengthening their compliance frameworks where necessary.

The following sections set out the methodology, the main observations arising from the questionnaire responses and the expectations Financial Institutions should consider when reviewing and, where necessary, enhancing their current arrangements.

2. Methodology

The methodology involved analysing the questionnaire responses at aggregate level to identify overall trends, implementation patterns and initial risk indicators relevant to supervisory follow-up. The aim was to provide a high-level view of the population in scope and to highlight areas that may warrant closer review.

The SCQ captures key aspects of CRS/FATCA compliance, including institutional details, registration status, classification, excluded and non-reportable accounts, written policies and procedures, due diligence, staff training, review frequency of account holder information and outsourcing arrangements. The observations in this circular are based on those self-reported responses and may require further validation were used to support compliance action.

3. Key Observations

This section sets out the main observations arising from the SCQ responses and the related compliance expectations. The observations are based on analysis of key implementation, governance and operational indicators across in-scope Financial Institutions. Percentages are rounded where appropriate.

3.1 Governance frameworks are not yet consistently embedded across the population

The questionnaire responses show that, while many Financial Institutions have introduced basic governance measures, these arrangements are not yet consistently formalised or embedded across the population. In particular, 79.18% of respondents reported having written CRS/FATCA policies, and 83.40% reported that relevant staff received CRS/FATCA training during the period. Although these figures are broadly positive, they do not, in themselves, demonstrate that governance arrangements are sufficiently robust, up to date, tailored to each institution's business model or consistently applied in practice.

From a supervisory perspective, governance arrangements are central to an institution's CRS and FATCA compliance framework because they support classification decisions, due diligence, reporting, escalation and record retention. Where such arrangements are absent, outdated, insufficiently documented or not properly embedded, there is a greater risk of inconsistent application, over-reliance on individual knowledge, weak oversight and poor handling of more complex or higher-risk cases. The institutions reporting that no written policies are in place therefore remain a material concern. Overall, the findings suggest that, while awareness of CRS and FATCA obligations is generally present, governance maturity remains uneven and may require closer supervisory attention.

3.1.1. Monitoring expectations

Financial Institutions are expected to maintain written and implemented CRS/FATCA policies and procedures that are proportionate to their business model, classification and reporting obligations. These should address governance responsibilities, account classification, self-certification procedures, due diligence controls, reporting processes, escalation channels, record retention and staff training. Institutions that do not yet have formal documentation in place should address this promptly. Training should also form part of an ongoing compliance framework rather than a one-off exercise.

3.2 Operational controls and oversight arrangements show areas requiring closer attention

The analysis also points to operational areas requiring closer attention. In particular, 44.53% of entities reported outsourcing at least one CRS/FATCA function, showing that reliance on third-party service providers is significant across the sector. Review practices are also not fully consistent: annual review is the most common approach, but a notable proportion of entities reported ad hoc reviews or no review cycle. The data further highlights potential risk areas in relation to excluded accounts, pre-existing accounts and higher-risk customer categories such as Citizenship-By-Investment/Residency-By-Investment (“CBI/RBI”) participants. While many respondents reported positive practices, self-reported compliance alone does not demonstrate operational effectiveness and may warrant further supervisory follow-up where controls appear insufficiently structured.

3.2.1. Monitoring expectations

Where functions are outsourced, ultimate responsibility for compliance remains with the financial institution. Institutions are therefore expected to exercise effective oversight over any third-party service provider engaged for CRS/FATCA-related activities through clear allocation of responsibilities, appropriate contractual arrangements, monitoring of service delivery and timely escalation of deficiencies. Institutions are also expected to apply structured and risk-appropriate review procedures for account holder information, including mechanisms to identify and respond to changes in circumstances. Where higher-risk features are present, such as CBI/RBI exposure or complex account classifications, enhanced scrutiny and supporting documentation should be in place. Controls should not exist only in form, but should be evidenced, applied consistently and adapted where weaknesses are identified.

3.3 Examples of good practice observed or expected

Examples of good practice include:

- Documented policies and procedures that are appropriately tailored to the institution’s business model and demonstrably applied in practice on a consistent basis;
- Staff possessing a clear understanding of CRS/FATCA obligations and the ability to apply procedures reliably, supported by structured and ongoing training;
- Clearly defined governance arrangements, including allocated responsibilities and effective escalation mechanisms for complex or higher-risk cases;
- Classification and due diligence decisions that are supported by documented rationale and verifiable evidence;
- Role-specific training materials for front-office, operations and compliance staff;
- Training is delivered on an ongoing basis, including refresher training and induction training for new staff;

- Clear internal oversight of outsourced functions, including documented service level agreements, clear allocation of responsibilities, periodic review of third-party outputs, and evidence of challenge and follow-up where deficiencies are;
- Structured periodic review cycles for account holder information, supported by trigger-based monitoring for changes in circumstances, such as tax residency, indicia or inconsistencies in documentation;
- Enhanced due diligence measures for higher-risk cases, together with adequate record retention to demonstrate how decisions were reached;
- Consistent application of controls across the lifecycle of the account, from onboarding through to ongoing monitoring and reporting, ensuring that due diligence is not treated as a one-off exercise;
- Timely identification and remediation of deficiencies, including escalation of issues, tracking of corrective actions, and updates to procedures where weaknesses are identified; and
- Integration of CRS/FATCA controls within broader compliance frameworks, ensuring alignment with AML/CFT, onboarding, and customer due diligence processes where relevant.

4. Conclusion

The SCQ provides a useful baseline for assessing CRS and FATCA compliance across Financial Institutions. While responses indicate general awareness of obligations, they also highlight areas where governance, operational controls and oversight arrangements may require strengthening.

Financial Institutions are expected to review the observations in this Circular and, where necessary, take timely remedial action proportionate to their risk profile and regulatory obligations.

The MTCA will continue to monitor compliance with CRS and FATCA obligations and may, where appropriate, engage further with Financial Institutions on the observations identified. Where relevant, this may include cooperation and coordination with the Malta Financial Services Authority (“MFSA”), in line with the Memorandum of Understanding signed between the MTCA and MFSA on 24 February 2026, which supports supervisory cooperation and the sharing of information between both authorities.

The SCQ should be understood as an initial assessment of a financial institution’s compliance with its CRS and FATCA obligations and does not exclude the possibility of further supervisory engagement, including more in-depth reviews and onsite examinations where warranted.

International Tax Cooperation Directorate
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