

**Common Reporting Standard
Seminar**

03 November 2015



Agenda

Topic	Speaker
Introduction to CRS & Key Elements	Eugene O’Keeffe & Karen Devine
Revenue Perspectives	Lyndsay Smyth
Deloitte tools which can assist you in being CRS compliant	Tom Shave
CRS Practical considerations	Sarah Jayne Mac Laverty

Objectives



After today's session you should know;

What CRS is and its key elements

The key differences between CRS & FATCA

Revenue's perspectives on CRS and its implementation in Ireland

What we can learn from FATCA implementation which will help avoid the same mistakes under CRS

What you should be doing to achieve CRS compliance

Some of the tools which are available to assist you in achieving CRS compliance

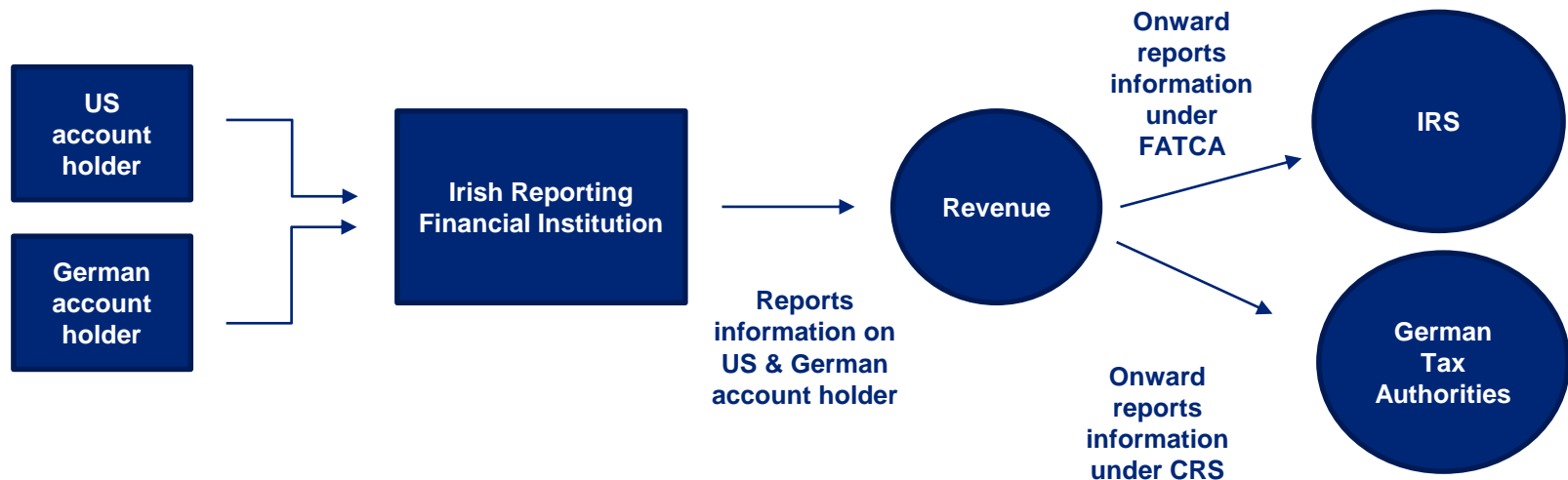
CRS - Key Elements

Eugene O'Keeffe & Karen Devine

OECD Common Reporting Standard

What is CRS?

- CRS is the **new, single global standard on automatic exchange of information** which is aimed at addressing perceived offshore tax evasion.
- Over **90 jurisdictions have committed** to exchanging information under CRS with a group of over 60 countries, including Ireland, having committed to the early adoption of CRS.
- Obliges entities which are classified as Reporting Financial Institutions under CRS to **report certain information to Revenue on their customers** for onward reporting to the countries of tax residence of those customers.



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Key Elements

CRS classification

- Reporting Financial Institutions – Custodial, Investment, and Depository Institutions & Specified Insurance Companies
- Non reporting Financial Institutions – Government entities, Qualified Credit Card Issuers etc.
- Non Financial Entities – Active & Passive NFE's

Due diligence of existing accounts

- Review of existing accounts at 1 January 2016
Some due diligence exemptions and thresholds which existed for FATCA have changed/extinguished under CRS
- Existing accounts need to be reviewed to identify which reportable for CRS purposes and to what jurisdictions
- Some additional products and services which were not reportable for FATCA may now be reportable under CRS and so will need to be remediated

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Key Elements

Due diligence of existing reportable account holders

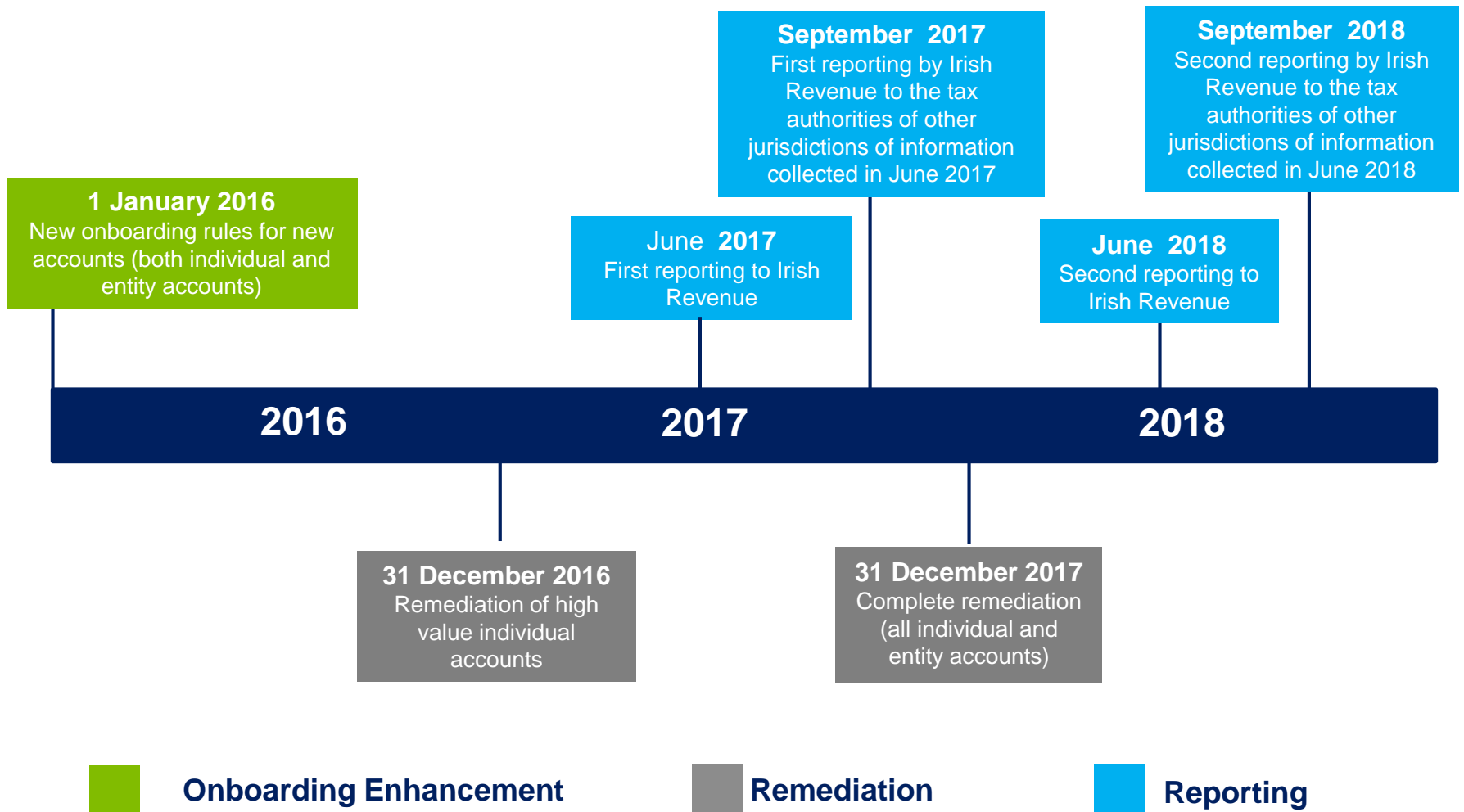
- Determine which countries the holder of existing reportable accounts are resident for tax purposes. Where the concept of residence does not apply in a certain tax jurisdiction, there are other arrangements in place for determining whether information on that account holder must be reported there.
- Further self certifications may be required to confirm the jurisdictions of tax residency of account holders – US forms alone are not sufficient

On boarding procedures for new accounts

- New account are those opened from 1 January 2016
- No de minimus limit for new accounts
- Limitations on exemption for new accounts opened by existing account holders
- Existing self certifications need to be updated to collect the correct information such as the jurisdictions of tax residency of account holders – US forms alone are not sufficient

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Implementing the Standard - Timeline



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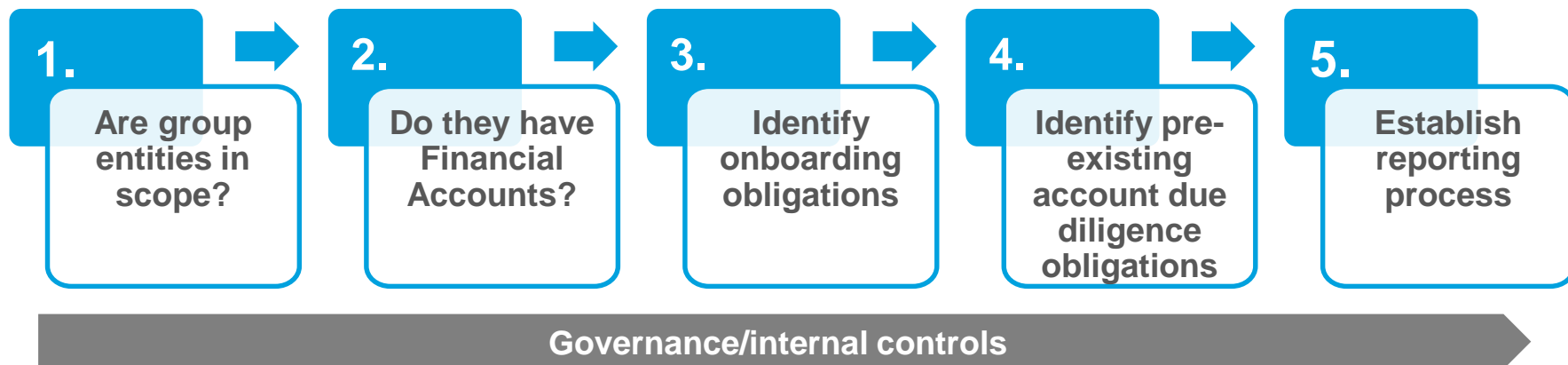
What should I be doing now?

- Identify your entity classification for CRS purposes to determine if you have an obligation to report. If so;
 - Establish project teams and resources for impact assessment & the collection of data for reporting – identify outside service providers to supplement this if required
 - Establish CRS governance and develop strategic plan
 - Identify in scope Financial Accounts
 - Confirm compliant account holder due diligence approach before 2016 - consider the form of self certification which will be provided to account holders & whether it captures all relevant information
 - Consider how to track implementation across multiple jurisdictions & changes in relation to CRS in those respective jurisdictions – identify a strategic reporting solution and prepare for 2016 reporting.

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What should I be doing now?

- Assess impact of potential changes required to internal policies and procedures – consider making changes which facilitate the data collection and reporting requirements of each reporting jurisdiction



- Where no obligation to report exists, your accounts with other Reporting Financial Institutions may still be reportable by Revenue to other tax jurisdictions. Your CRS classification will need to be known for this purpose.

CRS – Revenue Perspectives

Lyndsay Smyth

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CRS builds on FATCA but there are some key differences

Place of tax residence v. U.S. Persons

No thresholds for individual accounts

No “frequently traded” exemption

Fewer Exempt entities

Potential Multiple Residence Indicia

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Current State of Play

Legislation contained in Section 891F – DAC2 in Section 891G

Regulations to be enacted before the end of the year

The published Standard & Commentary define requirements & terms – Regulations point towards Standard

Further Guidance in OECD issued Handbook and FAQs

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OECD AEOI Portal

- **Where can I find the OEC AEOI Portal?**

www.oecd.org/tax/automatic-exchange

What does the portal contain?

Full text on Standard and Commentary

CRS Implementation Handbook and FAQs

Residency rules by jurisdiction

TIN information

Table of contents

Abbreviations and acronyms

I. Introduction

II. Model Competent Authority Agreement and Common Reporting Standard

A. Model Competent Authority Agreement and Common Reporting Standard

Section 1: Definitions

Section 2: Exchange of Information with Respect to Reportable Accounts

Section 3: Time and Manner of Exchange of Information

Section 4: Collaboration on Compliance and Enforcement

Section 5: Confidentiality and Data Safeguards

Section 6: Consultations and Amendments

Section 7: Term of Agreement

B. Common Reporting Standard

Section I: General Reporting Requirements

Section II: General Due Diligence Requirements

Model Competent Authority Agreement and Common Reporting Standard

5. **Special Aggregation Rule Applicable to Relationship Managers.** For purposes of determining the aggregate balance or value of Financial Accounts held by a person to determine whether a Financial Account is a High Value Account, a Reporting Financial Institution is also required, in the case of any Financial Accounts that a relationship manager knows, or has reason to know, are directly or indirectly owned, controlled, or established (other than in a fiduciary capacity) by the same person, to aggregate all such accounts.
4. **Amounts Read to Include Equivalent in Other Currencies.** All dollar amounts are in US dollars and shall be read to include equivalent amounts in other currencies, as determined by domestic law.

Section VIII: Defined Terms

The following terms have the meanings set forth below:

A. Reporting Financial Institution

1. The term “Reporting Financial Institution” means any Participating Jurisdiction Financial Institution that is not a Non-Reporting Financial Institution.

STANDARD FOR AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION IN TAX MATTERS © OECD 2014

44 B. COMMON REPORTING STANDARD

2. The term “Participating Jurisdiction Financial Institution” means (i) any Financial Institution that is resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside such Participating Jurisdiction, and (ii) any branch of a Financial Institution that is not resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction.
3. The term “Financial Institution” means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company.
4. The term “Custodial Institution” means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. An Entity holds Financial Assets for the account of others as a substantial portion of its business if the Entity’s gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity’s gross income during the shorter of (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.
5. The term “Depository Institution” means any Entity that accepts deposits in the ordinary course of a banking or similar

158 COMMENTARY ON SECTION VIII

Commentary on Section VIII concerning Defined Terms

1. Section VIII contains the defined terms, grouped around 5 themes: A) Reporting Financial Institution, B) Non-Reporting Financial Institution, C) Financial Account, D) Reportable Account and E) Miscellaneous.

Paragraph A – Reporting Financial Institution

Subparagraphs A(1) and (2) – Reporting Financial Institution

Reporting Financial Institution

2. Subparagraph A(1) defines the term “Reporting Financial Institution” as any Participating Jurisdiction Financial Institution that is not a Non-Reporting Financial Institution. Therefore, for a Financial Institution to be a Reporting Financial Institution, it needs, first, to be a Participating Jurisdiction Financial Institution and, then, not to be a Non-Reporting Financial Institution. Paragraph B sets forth the meaning of the term “Non-Reporting Financial Institution” through several definitions.

Participating Jurisdiction Financial Institution

3. The term “Participating Jurisdiction Financial Institution” is defined in subparagraph A(2) to mean:

- any Financial Institution that is resident in a Participating Jurisdiction, but excluding any branch of that Financial Institution that is located outside such Participating Jurisdiction; and
- any branch located in a Participating Jurisdiction of a Financial Institution that itself is not resident in such Participating Jurisdiction.

4. For this purpose, a Financial Institution is “resident” in a Participating Jurisdiction if it is subject to the jurisdiction of such Participating Jurisdiction (i.e. the Participating Jurisdiction is able to enforce reporting by the Financial Institution). In general, where a Financial Institution is resident for tax purposes in a Participating Jurisdiction, it is subject to the jurisdiction of such

STANDARD FOR AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION IN TAX MATTERS © OECD 2014

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Due Diligence from January 2016

Account Type	Definition	Sub-Class	Review Completed by
New	Opened on/after 1/1/2016		
Pre-Existing	Open as at 31/12/2015	High Value	31/12/2016
		Low Value	31/12/2017 at latest
		Reportable Entity	31/12/2017

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Self Certifications

Requirements for validity of new Individual account self-certification

- Signed, or positively affirmed
- Dated
- Name
- Residence Address
- Jurisdiction(s) of residence for tax purposes
- TIN with respect to each Reportable Jurisdiction
- Date of birth

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Wider Approach

Collect and return data regarding all non resident customers under CRS

(other than US residents)

- Transitional period to allow for CRS implementation
- Customers must be informed that data will be exchanged
- Residency and TIN data collected solely for CRS purposes cannot be used for any other purpose

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Options in the CRS

Item	Option
1. Alternative approach to calculating account balances	No
2. Use of reporting period other than calendar year	No
3. Phasing in the requirements to report gross proceeds	No
4. Filing of nil returns	Yes
5. Allowing third party service providers to fulfil obligations for FIs	Yes
6. Allowing due diligence procedures for New Accounts to be used for pre-existing Accounts	Yes
7. Allowing the due diligence procedures for High-Value Accounts to be used for Low-Value Acc	Yes

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Options in the CRS

Item	Option
8. Residence address test for Lower Value Accounts	Yes
9. Threshold of \$250,000 for Pre-existing Entity Accounts	Yes
10. Simplified due diligence rules for Group Cash Value Insurance Contracts and Annuity Contracts	Yes
11. Allowing greater use of existing standardised industry coding systems for the due diligence	Yes
12. Permitting a single currency translation rule	Yes
13. Expanding definition of Pre-existing Account when pre-existing customers open a new account	Yes
14. Expanded Related Entity definition	Yes
15. Grandfathering rule for bearer shares issued by Exempt Collective Investment Vehicle	Yes

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Excluded Accounts & Non Reporting FIs

Non Reporting FIs

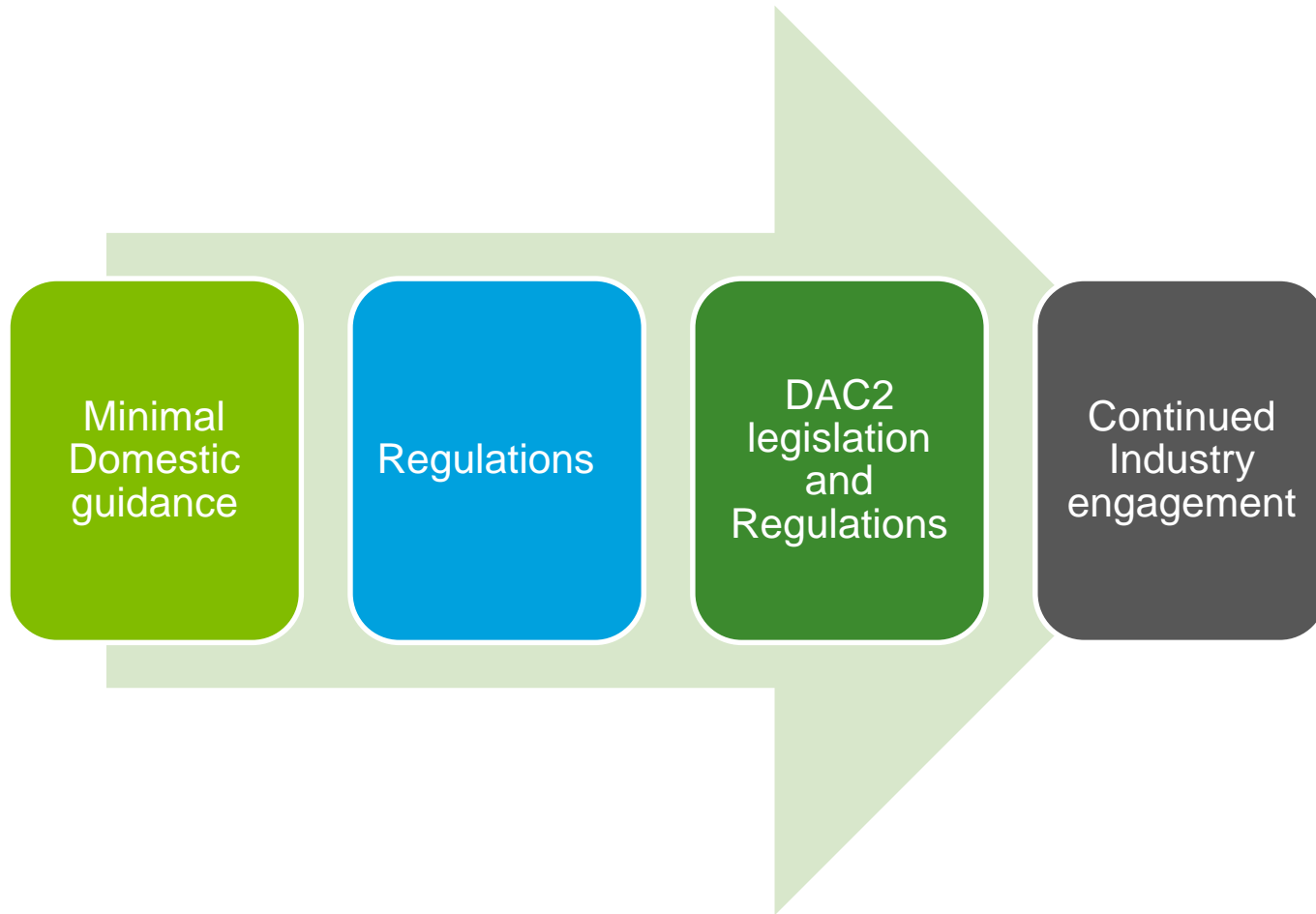
- No additional Non Reporting FIs outside of what is included in Section VIII B 7 (a) to (e) of the Standard

Excluded Accounts

- All accounts covered by Section VIII C 17 (a) to (f)
- Personal Retirement Savings Accounts
- Approved retirement funds and approved minimum retirement funds
- Occupational Pension Schemes
- Retirement Annuities

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Next Steps



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AEIO Developments

- **Global Forum on Tax Transparency**
 - CRS to 120+ countries, Early Adopters + 1 year
- **EU Savings Directive**
 - Repeal of Directive currently at Council review
- **TRACE**
 - Residence to Source reporting
 - Qualified Intermediaries
- **Country by Country Reporting**
 - Reporting by MNCs of income allocation in different jurisdictions

CRS - Global Propositions

Tom Shave

Current industry insight

We have identified a number of current trends within industry

Governance

The evolution from FATCA to a wider AEOI programme has proved challenging for some in terms of momentum, structure and timings

Assurance

Fast approaching deadlines and continuing uncertainty has lead to an increase in requests for external assurance around compliance solutions

Synergies

Budget and resource pressures are leading to a renewed focus on areas that can be consolidated (for example, remediation and self certification)

Strategy

Compressed timelines and uncertainty over future-proofing are causing FIs to consider switching to short term tactical solutions and outsourcing

Technology

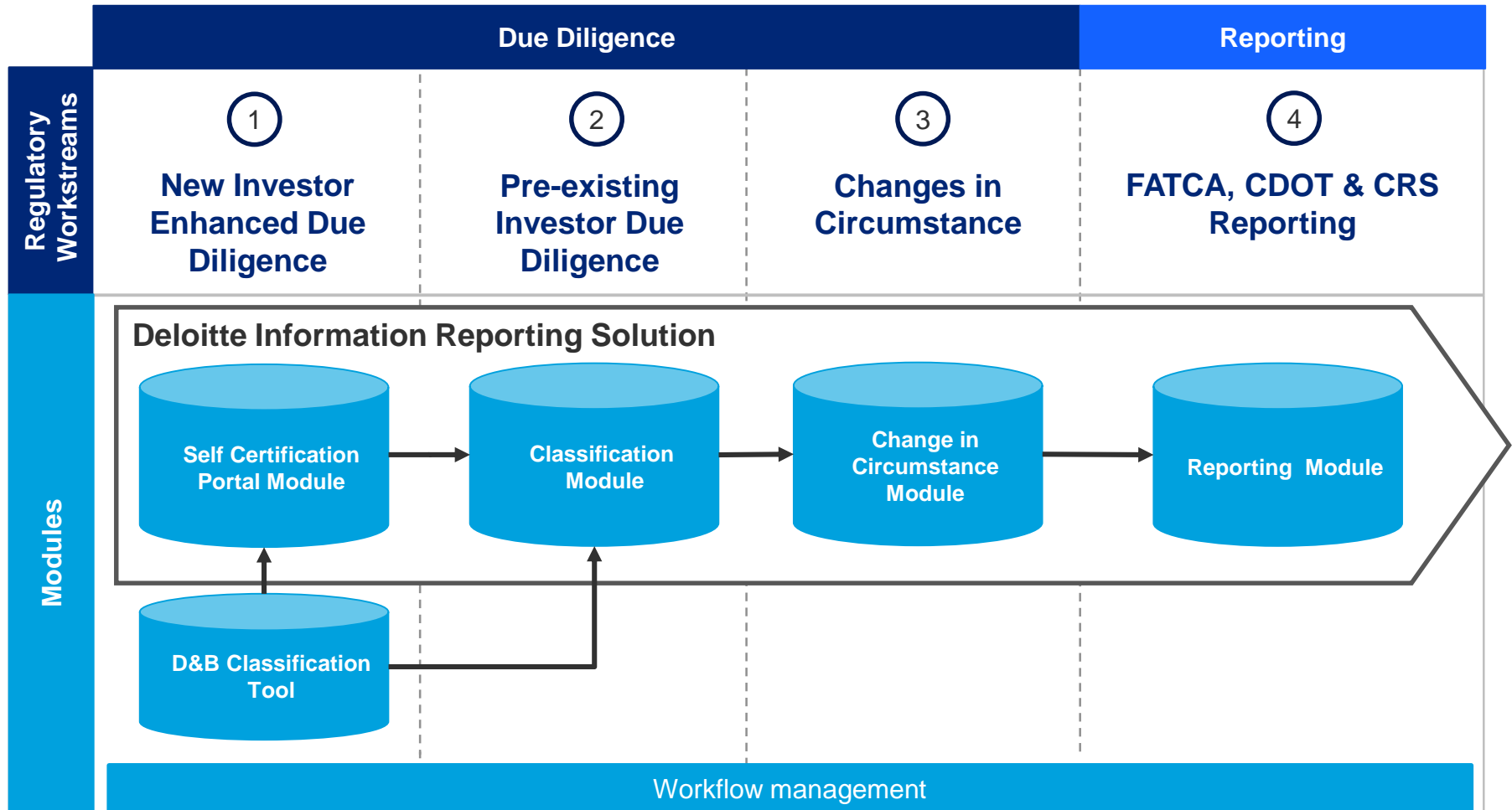
Pressure on resource and increasing volumes are also generating immediate demand for scalable technological solutions

Data

Immediate reporting and remediation requirements have focused attention on the quality and availability of client data

Deloitte Information Exchange Solution

Successful compliance solutions will ultimately incorporate a number of functions and leverage technology where possible



D&B/Deloitte classification solution

Classifying entities through using information that is publicly available

Key Features:

- ✓ Identification
- ✓ Classification
- ✓ Portfolio management
- ✓ Batch processing capability
- ✓ D&B Database
- ✓ Due diligence checks
- ✓ GIIN processing

The screenshot displays the 'Classification Results' page for LLOYDS BANK PLC. The interface includes a navigation bar with 'New Classifier Search', 'My Account', and 'Portfolio' options, along with a 'Log Out' button. The main content area is divided into several sections:

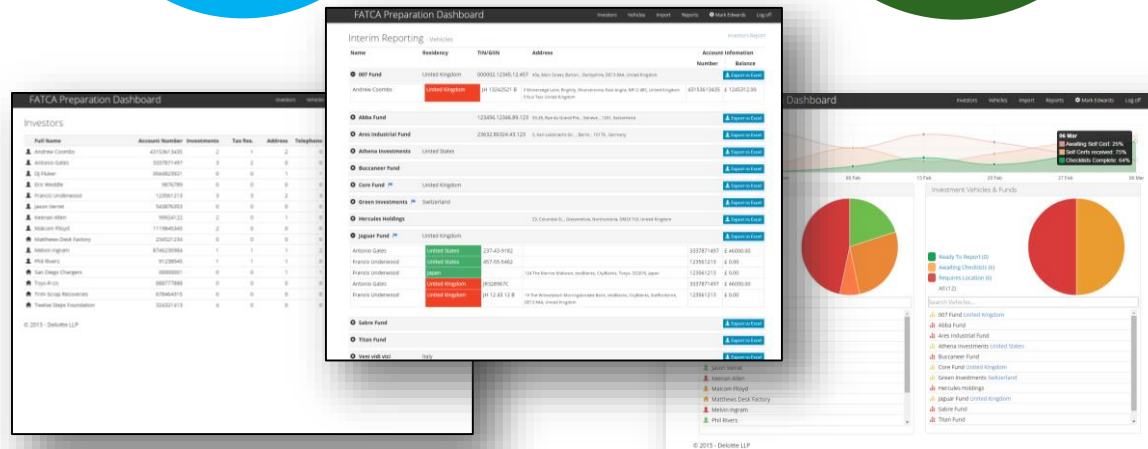
- Classification Results:** Shows the company name 'LLOYDS BANK PLC' and key identifiers: DUNS® Number (210182192), Registration Number (0002065), GIIN (H915QR.00000.LE.826), and Country (United Kingdom of Great Britain and Northern Ireland).
- FATCA Classification:** Displays the classification 'Participating FI' with a definition: 'This term means a Participating Foreign Financial Institution, as defined in the relevant US Treasury Regulations, including a UK FI or other Partner Jurisdiction FIs.' A 'Classification Glossary' link is also present.
- Classification Summary:** A table comparing search criteria with outcomes:

Search	Outcome
Country	United Kingdom of Great Britain and Northern Ireland
Int Org or Central Bank	No
GIIN	H915QR.00000.LE.826
- Company Information:** A detailed view of the company's data, including:
 - DUNS® Number: 210182192, Registration Number: 0002065
 - Trading styles, Legal form: Public Limited Liability Company
 - Address: 25 GRESHAM STREET, LONDON EC2V 7HN, United Kingdom of Great Britain and Northern Ireland
 - Incorporation date: 20/04/1865, Year started: 2013
 - Telephone
 - SIC: A table with SIC 2003 code (65121) and Description (Banks)
 - Financial Summary: Statement end date (30/12/2013), Total passive assets (54,276,000,000), Total assets (862,004,000,000), Total passive income (0), Total turnover / sales (53,977,000,000)

At the bottom of the interface, there are buttons for 'Override', 'Add Notes & Review Date', 'Save', and 'Cancel'.

Account Information Management System

Deloitte's customer on-boarding technology offers a flexible approach to self-certification management



FATCA and CRS reporting solution

Deloitte has developed a comprehensive Reporting Solution to meet current and future requirements efficiently

- ✓ A multi-jurisdictional solution covering IRS and local schemas
- ✓ Regularly maintained to keep pace with regulatory change (e.g. CRS)
- ✓ Transformation and mapping capability allows for data input in multiple formats
- ✓ Validation identifies errors and confirms the validity of reports
- ✓ Embedded controls and security functionality to restrict access
- ✓ Supported by regulatory SMEs to ensure completeness and accuracy
- ✓ Workflow tools and process methodology to track and meet deadlines

45,000+

reportable accounts

60

FTEs working in
Deloitte's Global
Delivery Center

hours
invested

25,000

2,500+

Foreign financial
institutions

9 days

average data
to filing turnaround time

40

Jurisdictions

eLearning

Deloitte's eLearning module has been produced by a dedicated team comprising FATCA, CDOT and CRS subject matter experts, learning specialists and digital design professionals

Unit 1 – Introduction to AEI

Unit 2 – The key facts

Unit 3 – What do you need to do?

Unit 4 – Summary

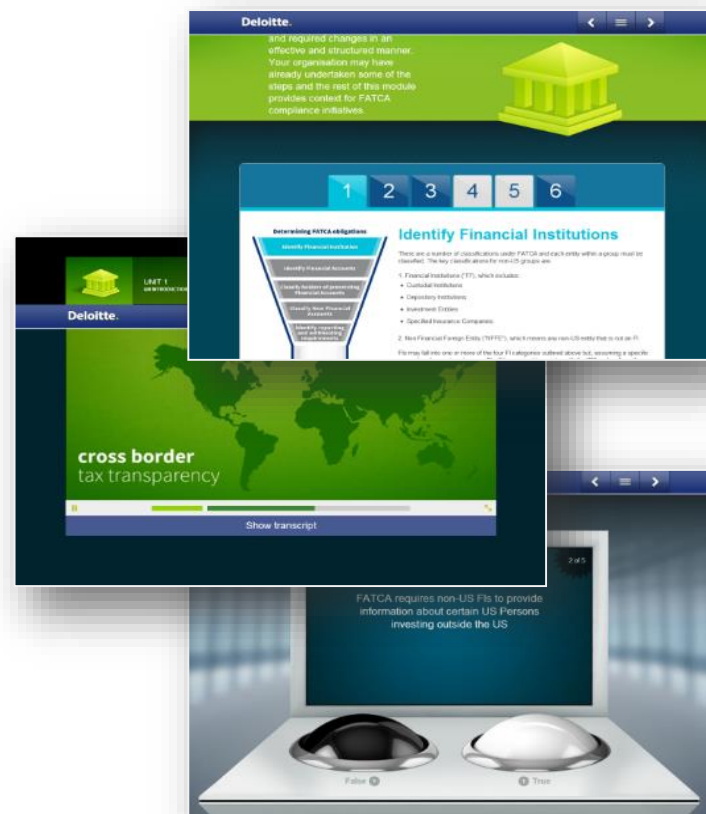
Unit 5 – Assessment

Deloitte LMS

- Deloitte host
- Deloitte administration
- Higher cost band
- Most suited to low volumes of learners

Enterprise Licence

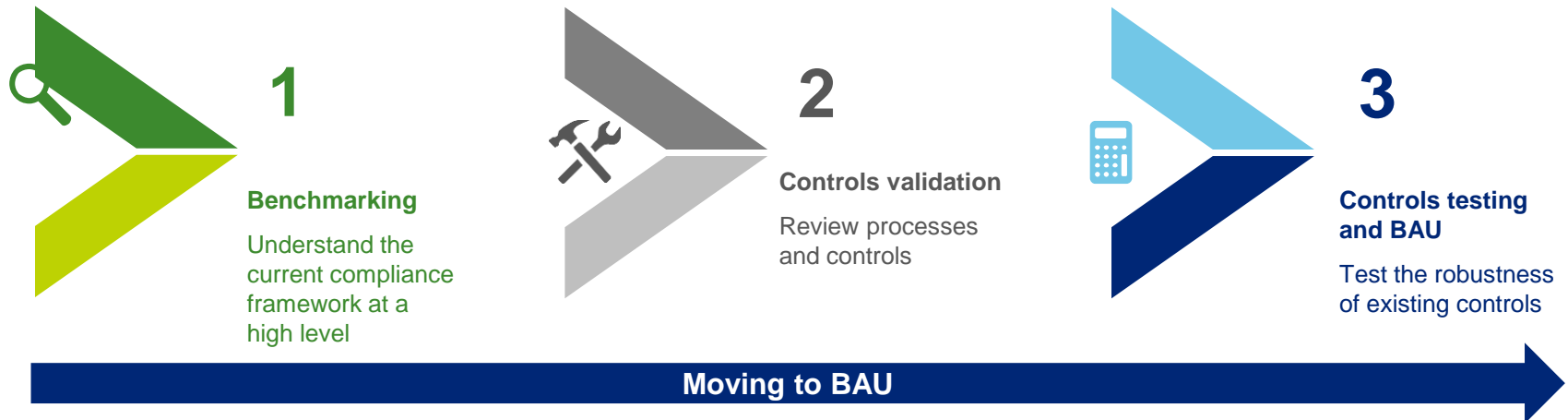
- Client host
- Client administration
- SCORM files provided
- Low cost band



Assurance

Deloitte's FATCA and CRS assurance solution supports organisations by ensuring that their approach to compliance is sufficiently documented and effective controls are in place

Key phases:



Ensuring policies and procedures developed during implementation continue to meet the ongoing regulatory obligations in BAU:

- Classification for FATCA
- Ongoing account holder monitoring and due diligence requirements
- Handling larger volumes of data for reporting
- Managing risks while ensuring regulatory compliance

Questionnaire

FATCA Assurance - Entity Classification

Do you have an updated complete list of legal entities that require classification for FATCA purposes? For the purposes of this question, FATCA purposes encompass entities without legal personality (such as trusts, partnerships and branches).

Yes

No

N/A

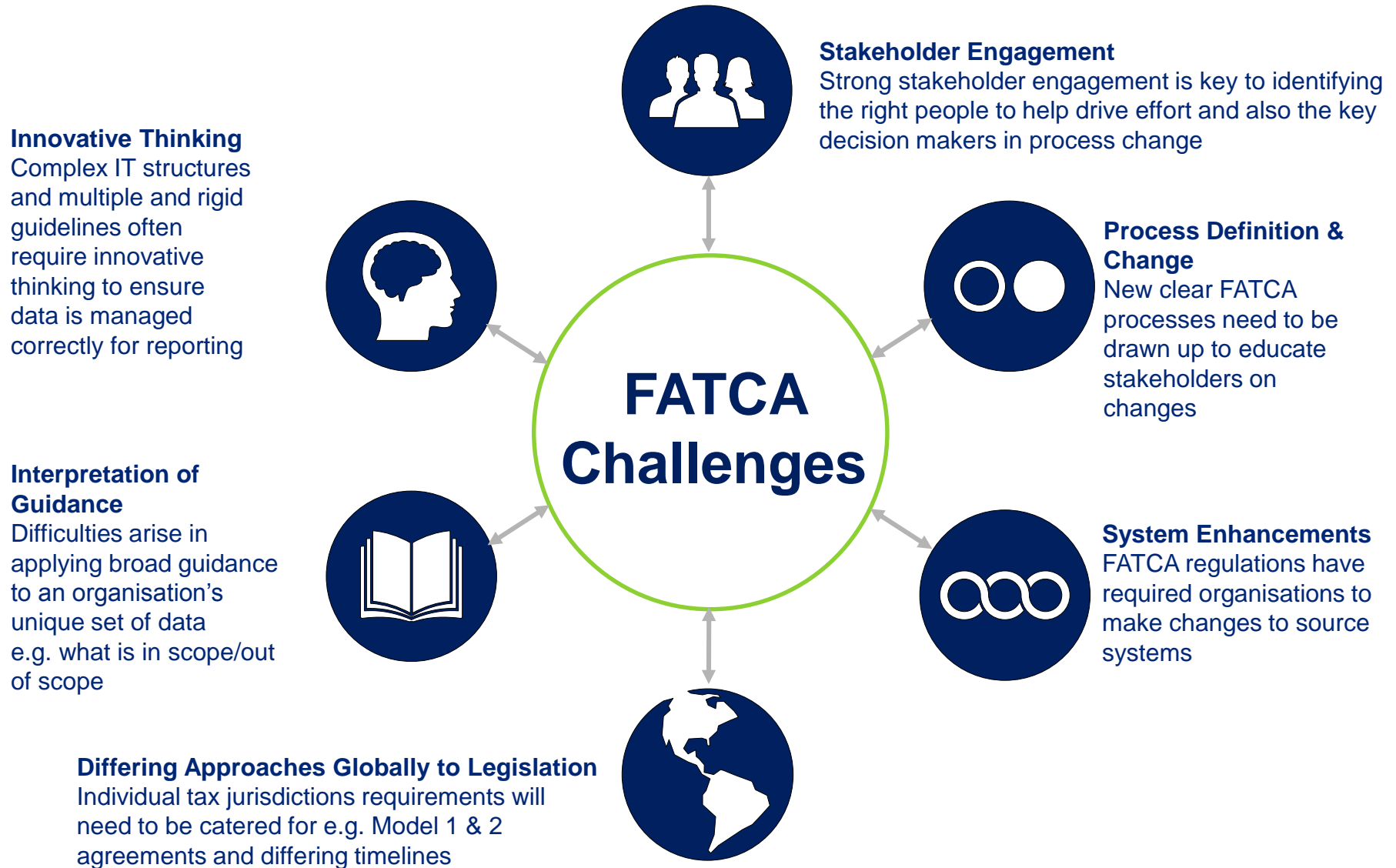
Sample output

Questionnaire Complete
Here are your results

CRS Practical considerations - Sarah Jayne Mac Lavery

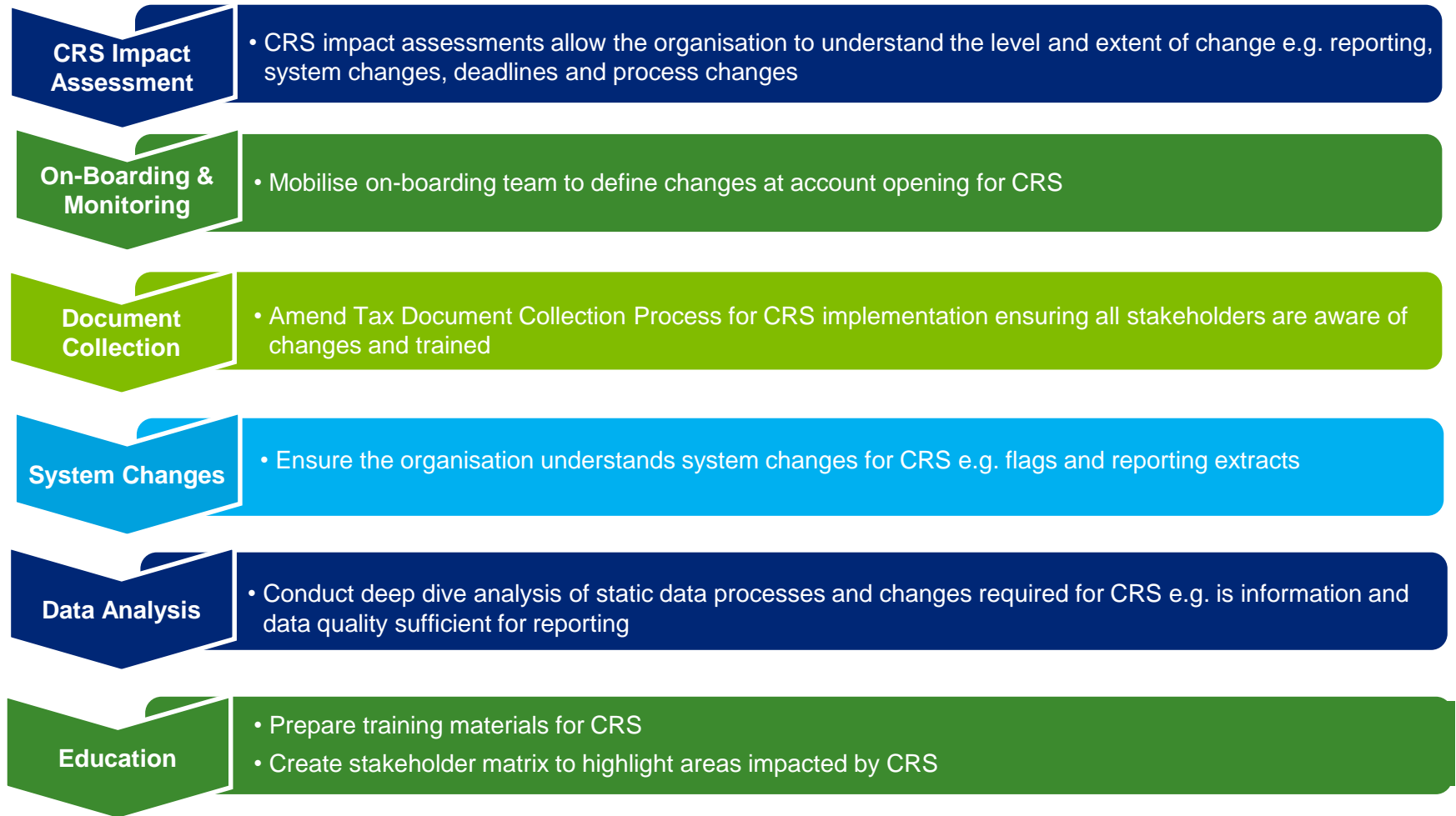
What we can learn from FATCA implementation

Lessons learned from embedding FATCA changes in organisations



What your organisation should consider in getting ready for CRS

The obligations for Financial Institutions under CRS are very broad, however, there are a number of key areas that Deloitte can provide assistance with in advance of the 'go live' date of 1 Jan 2016 and in the months after



Concluding Comments



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