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Common Reporting Standard (CRS)

The road continues

The information exchange landscape

Coming years will see increasing global transparency of account holder information requiring global scalable solutions

US FATCA

2015 onward

- US accounts in non-US Financial Institutions ("FIs") reported to IRS; or
- To local authority under an Intergovernmental Agreement ("IGA")

UK-CDOT

2016 onward

- UK accounts in Crown Dependencies (CDs) and Overseas Territories (OTs) - Cayman Islands, Guernsey, Jersey, Isle of Man, Bermuda, BVI, Anguilla, Turks and Caicos, Montserrat and Gibraltar - reported to local competent authority.

OECD CRS

2017 onward

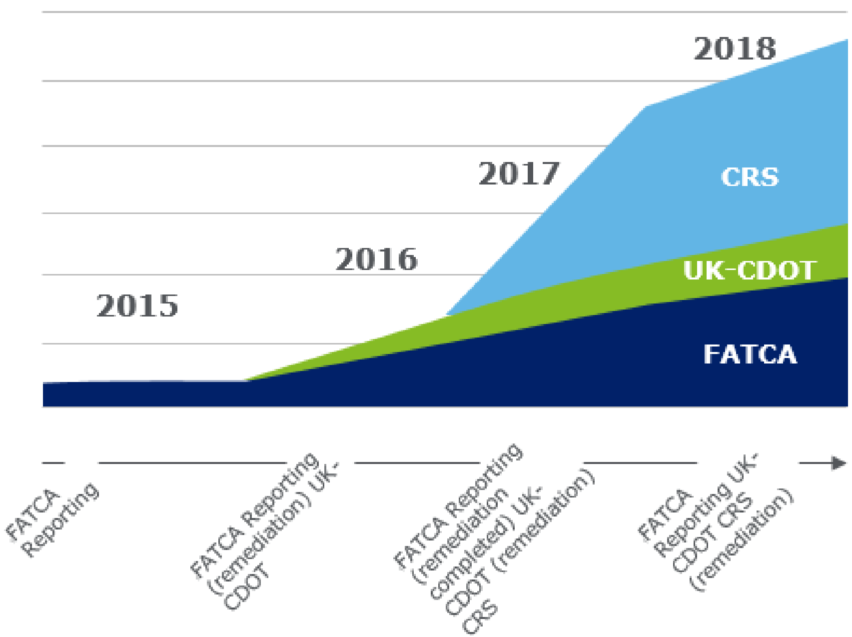
- Global initiative led by OECD to increase tax transparency
- Global network of agreements between 100+ jurisdictions
- Accounts in reportable jurisdictions to be generally reported on an annual basis to local governments

Increasing number of practical challenges

- Filing multiple returns covering reportable accounts
- Managing relationships with multiple authorities and complying with data privacy laws
- Ensuring reports are filed in respect of all FIs and in the correct format

The road continues…

- The CRS is the standard for automatic exchange of financial account information ("AEOI") developed by the OECD
- CRS is a **broad** reporting regime that draws extensively on the intergovernmental approach to implement FATCA
- Similar to FATCA, CRS requires financial institutions resident to the Participating Jurisdictions to implement due diligence procedures, to document and identify reportable accounts under CRS, as well as establish a wide-ranging reporting process.



Countries to Implement CRS (103*)

2017

Signed (49)

Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks & Caicos Islands, United Kingdom

Sources:
AEOI Commitments list as of 10/22/17
MCAA Signatories as of 08/30/17

2019

Committed (1)

Nigeria

Jurisdictions listed as committed include jurisdictions which are signatories to the MCAA, which are included in the AEOI: Status of Commitments List, or both.

2018

Signed (44)

Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan, Bahrain, Barbados, Belize, Brazil, Canada, Chile, China, Cook Islands, Costa Rica, Curacao, Ghana, Greenland, Grenada, Indonesia, Israel, Japan, Kuwait, Lebanon, Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates, Uruguay

Committed (9)

The Bahamas, Brunei Darussalam, Dominica, Hong Kong (China), Macau (China), Panama, Qatar, Trinidad and Tobago, Vanuatu

- In addition to FATCA reporting increase and upcoming UK-CDOT reporting (due in 2016 by financial institutions located in the UK, including its Crown Dependencies and Overseas Territories "CDOT"); financial institutions will face the CRS reporting challenge starting in 2017 if they are residents in any of the jurisdictions known as "Early Adopters".
- The CRS will significantly increase tax reporting for financial institutions located in the 100+ jurisdictions that have adopted CRS.
- Although the US is not participating, there may be entities that are treated as participating in a jurisdiction that participates in OECD.

FATCA vs. UK-CDOT vs. CRS

	FATCA	UK-CDOT	CRS	Key Takeaways for CRS
For Governing Authority	United States	United Kingdom, Crown Dependencies and Overseas Territories (UK-CDOT)	100+ separate tax jurisdictions	Requires monitoring local jurisdictions enforcement provisions to determine compliance risk—jurisdictions subject to peer review by Global Forum
Withholding	30% withholding on non-compliant payees/Intermediaries	No withholding	No withholding	Enforcement by the tax authorities of the signatory jurisdictions. Specific requirement for signatory jurisdictions to establish a penalties scheme
Account Scope	US Individual Accounts, US Entity Accounts and Passive NFFE accounts held by substantial US owners	UK-CDOT Individual Accounts, UK-CDOT Entity accounts and Passive NFE accounts held by substantial UK-CDOT owners	Individual and Entity accounts held by tax residents of any CRS participating jurisdiction or Passive NFEs with controlling persons that are resident in any CRS participating jurisdiction	The number of CRS reportable accounts may be greater than reportable accounts under US FATCA and UK-CDOT
Thresholds	New Individual: $50,000 New Entity: N/A Preexisting Individual: $50,000 (generally) and $250,000 (cash value insurance) Preexisting Entity: $250,000	New Individual: $50,000 New Entity: N/A Preexisting Individual: $50,000 (generally) and $250,000 (cash value insurance) Preexisting Entity: $250,000	With the exception of preexisting entity accounts, no thresholds applicable	Potentially limited impact for financial institutions that did not apply thresholds
Documentation Requirements	Forms W-8/W-9 may be used to capture all tax data	US tax forms are not acceptable to capture all UK-CDOT data; UK-CDOT self-certifications must be developed	US tax forms are not acceptable to capture all CRS data. CRS self-certifications must be developed	Self-cert will be needed to capture CRS specific data such as multiple tax residency, CRS legal entity classification. Controlling persons generally required to provide their own self-certification including the type of Controlling Person under CRS

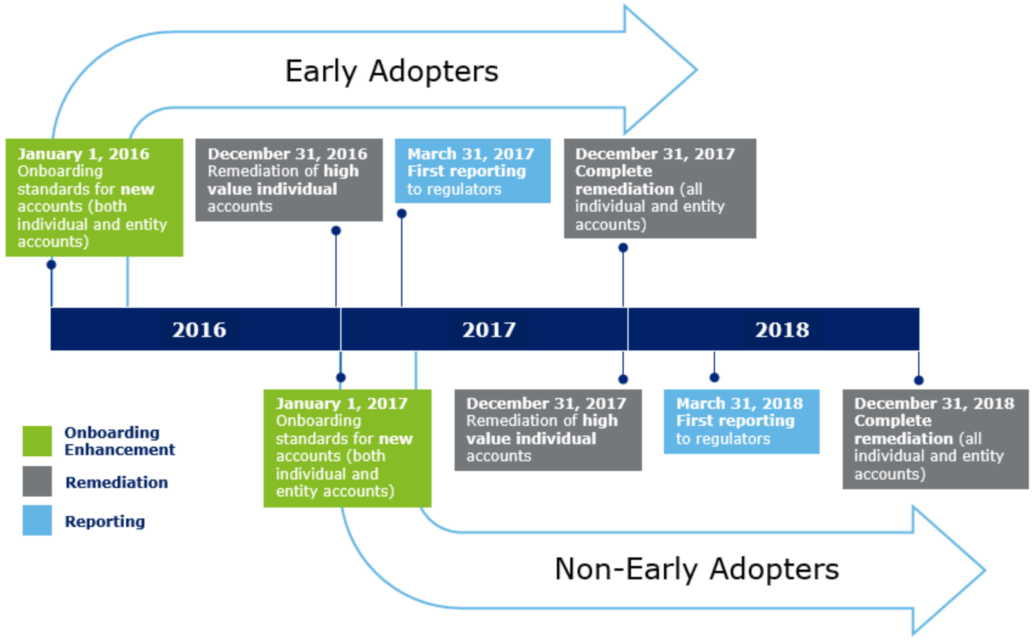
Account scope of CRS may be significantly greater than US FATCA and UK-CDOT

CRS Key Dates

Financial Institutions located in any of the 50+ Early Adopter Jurisdictions will need to have enhanced their onboarding process by January 1, 2016.

- CRS draws extensively on the Model 1 IGA approach of FATCA but there are key differences that require specific onboarding, remediation, and reporting enhancements in processes.
- The scope of CRS is broader than FATCA as it aims to identify tax residents in any of the 100+ jurisdictions participating in CRS.
- Financial institutions will need to collect specific self-certifications covering the CRS required information in order to identify and report accountholders resident in any of the 100+ jurisdictions.
- Account scope of CRS may be significantly greater than FATCA due to the fact that most thresholds applicable under FATCA are not applicable within CRS and categories of entities that have to provide information on Controlling Persons are broader.

CRS Impact on Reporting Financial Institutions



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