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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



## 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

## 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.

## US FATCA

2015 onward

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



## 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...

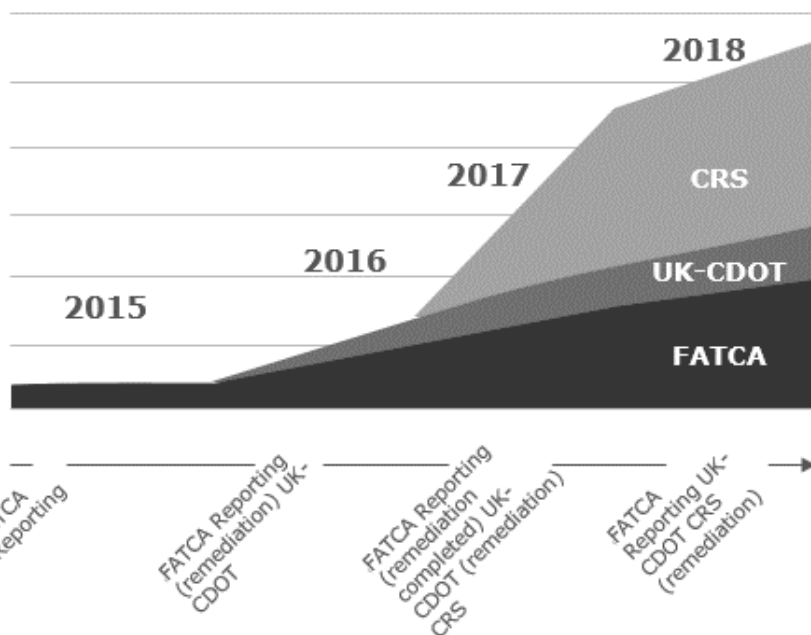
- The CRS is the standard for automatic exchange of financial account information ("AEOI") developed by the OECD
- CRS is a **broad** reporting regime that draws extensively on the intergovernmental approach to implement FATCA
- Similar to FATCA, CRS requires financial institutions resident to the Participating 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 (105\*)



Sources:  
AEOI Commitments list as of 11/28/17  
MCAA Signatories as of 12/13/17

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



- In addition to FATCA reporting increase; 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. CRS

|                            | FATCA   | CRS   | Key Takeaways for CRS   |
|----------------------------|---|---|---|
| For Governing Authority    | United States   | 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  | 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  | 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  |
| Thresholds                 | New Individual: \$50,000<br>New Entity: N/A<br>Preexisting Individual: \$50,000 (generally) and \$250,000 (cash value insurance)<br>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 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.<br>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**

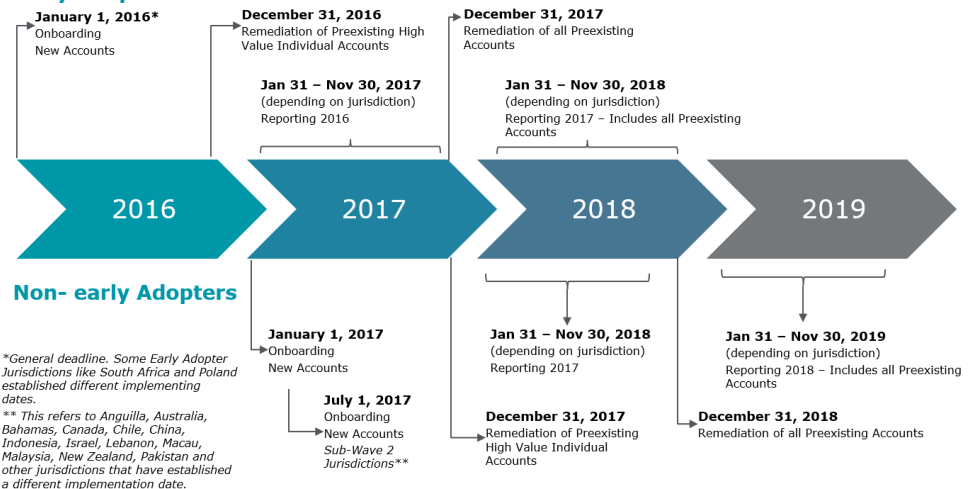
# CRS Key Dates

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 Timelines

### Early Adopters

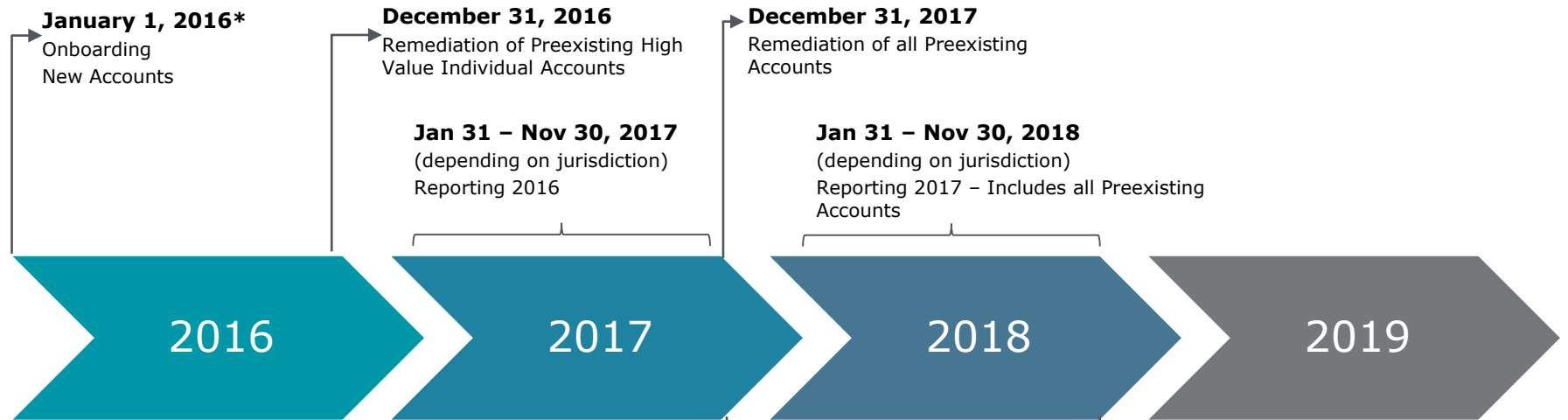


There are a number of additional requirements not considered in this chart and that vary depending on the jurisdiction such as:

- Local Registration/ Notification Requirements
- Notification Requirements to Accountholders
- Relationship Manager Annual Certification/ Other Compliance-Specific Requirements

# CRS Timelines

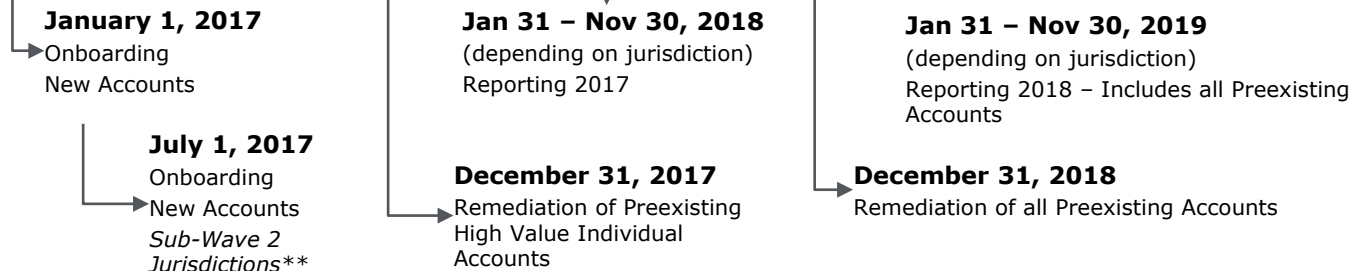
## Early Adopters



## Non- early Adopters

*\*General deadline. Some Early Adopter Jurisdictions like South Africa and Poland established different implementing dates.*

*\*\* This refers to Anguilla, Australia, Bahamas, Canada, Chile, China, Indonesia, Israel, Lebanon, Macau, Malaysia, New Zealand, Pakistan and other jurisdictions that have established a different implementation date.*



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