

COMMON REPORTING STANDARD

The Common Reporting Standard (CRS) has its roots in the US Foreign Account Tax Compliance Act (FATCA).

The CRS is the result of a drive by the G20 nations to develop a global network of legislation similar to FATCA to prevent individuals and entities using offshore structures to evade tax. The CRS is intended to fight tax evasion and promote tax transparency. The CRS was published by the Organisation for Economic Co-operation and Development (OECD) in 2014 and draws heavily on the approach taken by FATCA using many of the same classifications and terminology.

The CRS initiative seeks to establish the tax residency of customers and requires governments in participating jurisdictions to collect financial account information from their financial institutions related to customers who are tax resident outside the country in which they hold their accounts or products and automatically exchange this information on an annual basis with other participating CRS jurisdictions.

Frequently Asked Questions

What is the Common Reporting Standard?

The CRS is an information gathering exercise and “FATCA like” in approach. Its objective is to gather financial account information and share that information by way of automatic exchange between participating countries in order to reduce tax evasion.

How is CRS different from FATCA?

FATCA requires information to be reported about US persons, including citizens and residents. Even if you have provided information under the FATCA regime you may still be required to provide additional information for CRS as these are different regulations with different requirements.

The CRS requires an institution to identify the tax residency of all customers and not just US persons.

Who is reportable?

Under the CRS, financial institutions are required to identify the tax residency status of all their account holders. Information provided in relation to certain account holders resident in CRS participating jurisdictions will be shared by the financial institution with their local tax authority or regulator. This information will then in turn be shared with the appropriate tax authority or regulator in the other participating jurisdictions.

What is tax residency and how frequently will I be required to provide information?

Tax residence typically means the jurisdiction in which a customer is liable to pay income taxes or file a tax return with their local tax authority. The factors which determine tax residence vary depending on each jurisdiction’s tax residency rules. You should contact your tax advisor to assist you in determining your tax residence.

You will be required to update certain information relating to your account only if your circumstances change in some way e.g. if you open a new account or invest in a new financial product or where there is a change in customer information.

What information will be shared and reported to the relevant authorities?

The information provided in a self-certification form including details about any accounts and products, including: (a) the balance or value; and (b) the total amounts of interest or payments credited.

Will my data be shared with other parties and is my information safe?

We will be required to share this information with our local regulator, the United Arab Emirates Central Bank, who will then in turn share this information with tax authorities where the customer is resident for tax purposes. We will only disclose information to our regulatory authority under the legal obligations introduced by countries participating in the CRS.

These notes are provided for informational purposes only and are not intended nor should they be construed as providing any form of legal or tax advice. In the event that you have any questions regarding your tax residency, you should refer to the rules governing tax residence that have been published by each national tax authority. Should you have further specific questions regarding your tax residence, you should seek your own independent legal and/or tax advice to establish your obligations under the law as ADS Securities LLC is unable to provide tax advice. You may also find useful guidance on the OECD CRS portal OECD-CRS and the current Guidance Notes for the Common Reporting Standard (CRS) United Arab Emirates issued on 22 December by the Ministry of Finance MOF-CRS.