

# THE COMMON REPORTING STANDARD ("CRS") REPORTING OF ACCOUNT HOLDERS

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## OCORIAN BRIEFING

June 2017

Following our last CRS briefing (['second update'](#)) issued in June 2016 to clients and their professional advisors, we are now able to provide a further update.

**This latest update covers the scope of persons and structures likely to be reportable under the CRS legislation. Additionally, this briefing also details the information that is required to be shared with the relevant local tax authorities.**

Please note, **this briefing is for information purposes only and does not constitute tax advice**. We firmly recommend that advice is sought from a recognised professional tax adviser should you require any further guidance or tax advice on CRS legislation and how this may potentially impact you.

CRS is the result of the drive by G20 nations to develop a global standard for the automatic exchange of financial account information, following the approach taken to implement US FATCA.

At present 100 countries will implement CRS. A full list of the jurisdictions that will be exchanging information can be found [here](#). Early adopting jurisdictions that implemented CRS on 1 January 2016 will be exchanging information as of June 2017, with late adopters due to first exchange in 2018.

In order for Ocorian and our clients to be compliant with CRS, there are three processes that need to be undertaken:

### 1. Identifying reportable Accounts Holders

Ocorian has recently reviewed all structures under its administration to identify which of its clients may be an "Account Holder". An Account Holder is the person listed or identified as the holder of a "Financial Account". A Financial Account is defined as an equity or debt interest in an entity.

Various common types of Financial Accounts with an equity or debt interest include, but are not limited to:

- Settlor (including excluded Settlers)
- Discretionary beneficiary
- Life Tenant
- Limited Partner
- Founder
- Shareholder
- Protector
- Loan Holder

## 2. Self-certification

Clients identified as Account Holders are required to provide Ocorian a self-certification form to confirm the jurisdiction where they are recognised as being a tax resident.

As required by the legislation if the Account Holder has not responded to the self-certification requirement then, as a financial institution Ocorian will have a duty to report to the relevant jurisdictional tax authority based on the information held, indicating that the self-certification has not been provided by the Account Holder. Such a report may increase the likelihood of an enquiry by that tax authority to the Account Holder.

On receipt of a completed self-certification, Ocorian will then internally categorise our clients as either an early reportable Account Holder, a late reportable Account Holder or, a resident in a non-participating jurisdiction.

## 3. Reporting Account Holders

Any Ocorian client categorised as an early reportable Account Holder will be reported in June 2017, for each Financial Account we maintain. The information required for reporting will be obtained from our electronic database, and the Account Holder will be reported on information relating to their tax residency and the value of each account, as of the 31 December 2016.

Ocorian is required by law to report information to the relevant local tax authority where the Financial Account is maintained. Subsequently, the local tax authority will review this information and forward it onto the relevant jurisdictional tax authorities where the Account Holder is recognised as being tax resident.

Reports can only be filed using a specific electronic XML format and will be uploaded directly with the local tax authority.

The following information will be reported for each Financial Account:

- Account Holder name
- Address
- Tax residence
- Tax Identification Number
- Date of birth
- Account balance
- Account payments

The table below details how the account value and account payments are calculated.

FINANCIAL ACCOUNT	ACCOUNT VALUE	ACCOUNT PAYMENTS
Settlor	Full value of the trust	Total value of distributions received during the calendar year
Discretionary Beneficiary	Total value of distributions received during the calendar year	Total value of distributions received during the calendar year
Life Tenant	Full value of the trust	Total value of distributions received during the calendar year
Limited Partner	Total value of the limited partnership interest	Total value of distributions received during the calendar year

FINANCIAL ACCOUNT	ACCOUNT VALUE	ACCOUNT PAYMENTS
Founder	Full value of the foundation	Total value of distributions received during the calendar year
Shareholder	Total share value	Total value of dividends received during the calendar year
Protector	Full value of the trust	Total value of distributions received during the calendar year
Loan Holder	Full value of loan payable	Total value of loan interest paid

Guidance provided by the OECD and local tax authorities explains how to determine and report the latest financial values for each account in scope. Where an underlying asset is recorded at book cost, this value can be used unless the underlying asset has a revalued amount in its own financial statements.

An excluded settlor will be treated as a Financial Account but will be reported with a zero balance.

Where a Financial Account has closed during the reporting period, Ocorian is required to report the fact of closure.

Discretionary beneficiaries are only reportable in respect of any year that they have received benefit.

Joint shareholders will both be reported with the full value of the shares they hold jointly.

Where a client has multiple financial accounts, for instance a shareholder and loan holder, we are required to report both Financial Accounts accordingly.

Ocorian has a dedicated Tax Compliance team whose responsibility is to consider the implications of CRS and FATCA driven legislation for our clients, and wherever possible identify ways in which we can help alleviate the pressure of some of the accompanying requirements. For example, we have implemented bespoke software systems to generate reports that capture all the required information which is then formatted in the specialist XML format as required by the authorities. Over recent years we have gained significant experience in dealing with this type of reporting, having successfully delivered for more than 7,500 FATCA Reportable Accounts since 2015. To ensure we remain fully aligned with CRS legislation, or indeed any other legislative requirements, we continue to work with one of the leading 'big four' tax advisors to support us, particularly with regards to complicated and/or sensitive reporting obligations.

If you would like to discuss the details of this briefing, please speak to your Ocorian Client Director.

## KEY CONTACTS

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