

Automatic Exchange of Information – The Common Reporting Standard

What is CRS?

The Common Reporting Standard (CRS) was developed by the Organisation for Economic Co-operation and Development (OECD) to provide systematic and periodic exchange of tax residents' financial account information between participating jurisdictions.

This global standard is built upon information sharing legislation such as the US Foreign Account Tax Compliance Act (FATCA) and EU Savings Directive as a measure to improve tax transparency and counter tax evasion.

What is exchanged?

Under the CRS, jurisdictions obtain information from their financial institutions and exchange that information with other jurisdictions on an annual basis.

In brief, the CRS sets out:

- 1) Which financial institutions need to report
- 2) The types of accounts and taxpayers covered
- 3) Due diligence procedures
- 4) Financial account information to be exchanged.

Who is affected?

The CRS impacts a similar range of **financial institutions** (FIs) as FATCA, comprising:

- Depository institutions
- Investment entities
- Custodial institutions
- Specified insurance companies

Hong Kong will adopt a pragmatic approach to include all essential requirements of the Automatic Exchange of Information (AEOI) standard in its domestic law – penalties apply to FIs, employees of FIs and third-party service providers for non-compliance.

Financial accounts held by tax residents in CRS participating countries are reportable, including:

- **Individuals**
- **Entities** – including trusts and foundations, and the requirement to look through passive entities reporting on **controlling persons**.

CRS implementation commitment

As at 14 April 2016, 98 jurisdictions had committed to the CRS. Over 50 jurisdictions are early adopters, with a CRS implementation date of 1 January 2016.

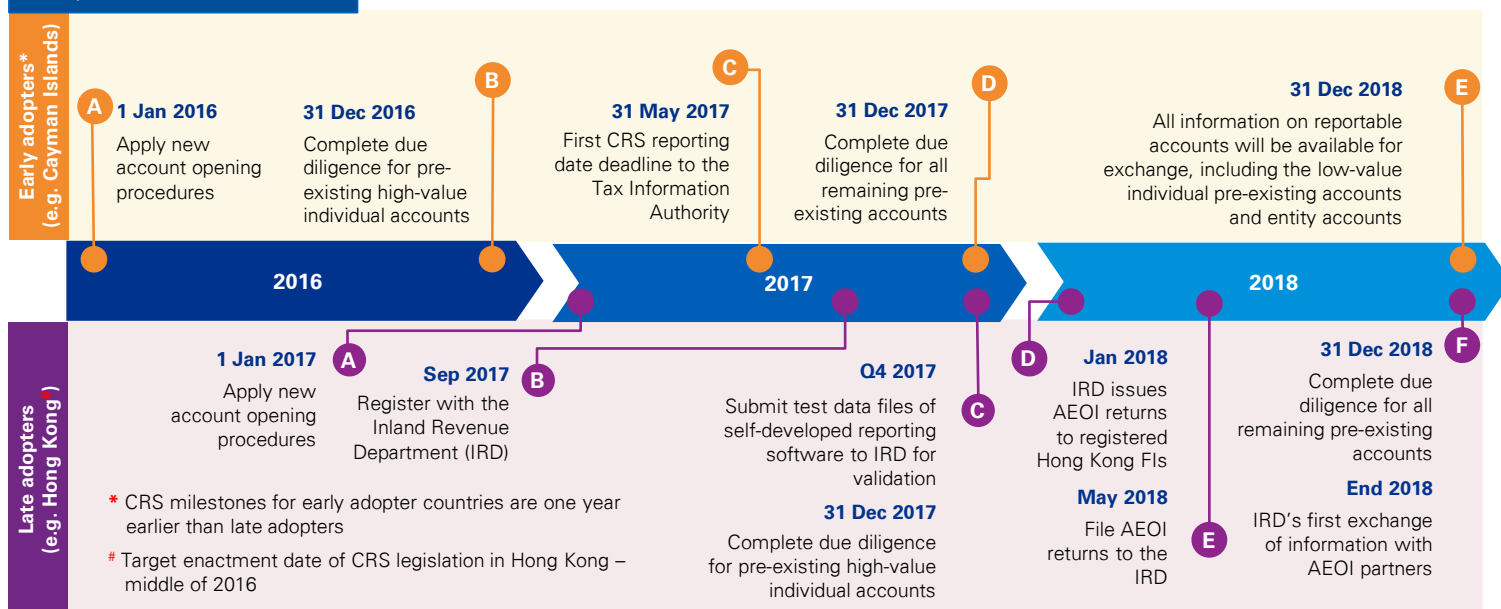
Jurisdictions undertaking first information exchanges by 2017 (Early adopters)

<ul style="list-style-type: none"> ▪ Anguilla ▪ Argentina ▪ Barbados ▪ Belgium ▪ Bermuda ▪ British Virgin Islands ▪ Bulgaria ▪ Cayman Islands ▪ Colombia ▪ Croatia ▪ Curaçao ▪ Cyprus ▪ Czech Republic ▪ Denmark ▪ Dominica ▪ Estonia ▪ Faroe Islands ▪ Finland ▪ France 	<ul style="list-style-type: none"> ▪ Germany ▪ Gibraltar ▪ Greece ▪ Greenland ▪ Guernsey ▪ Hungary ▪ Iceland ▪ India ▪ Ireland ▪ Isle of Man ▪ Italy ▪ Jersey ▪ Korea ▪ Latvia ▪ Liechtenstein ▪ Lithuania ▪ Luxembourg ▪ Malta ▪ Mexico ▪ Montserrat 	<ul style="list-style-type: none"> ▪ Netherlands ▪ Niue ▪ Norway ▪ Poland ▪ Portugal ▪ Romania ▪ San Marino ▪ Seychelles ▪ Slovak Republic ▪ Slovenia ▪ South Africa ▪ Spain ▪ Sweden ▪ Trinidad and Tobago ▪ Turks and Caicos Islands ▪ United Kingdom
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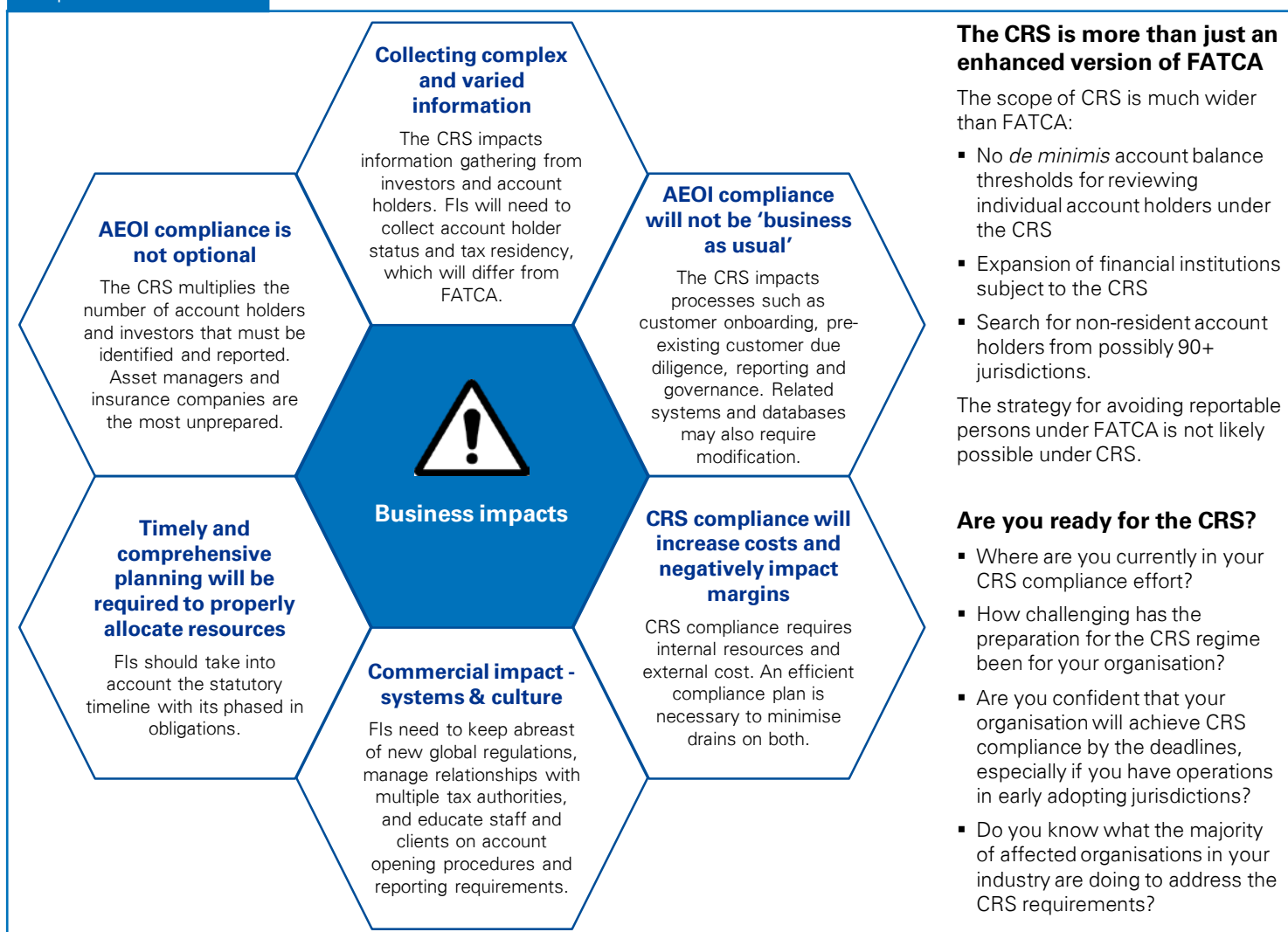
Jurisdictions undertaking first information exchanges by 2018 (Late adopters)

<ul style="list-style-type: none"> ▪ Albania ▪ Andorra ▪ Antigua and Barbuda ▪ Aruba ▪ Australia ▪ Austria ▪ The Bahamas ▪ Belize ▪ Brazil ▪ Brunei ▪ Darussalam ▪ Canada ▪ Chile ▪ China ▪ Cook Islands ▪ Costa Rica ▪ Ghana ▪ Grenada ▪ Hong Kong 	<ul style="list-style-type: none"> ▪ Indonesia ▪ Israel ▪ Japan ▪ Kuwait ▪ Macau ▪ Malaysia ▪ Marshall Islands ▪ Mauritius ▪ Monaco ▪ Nauru ▪ New Zealand ▪ Qatar ▪ Russia ▪ Saint Kitts and Nevis ▪ Samoa ▪ Saint Lucia ▪ Saint Vincent and the Grenadines ▪ Saudi Arabia 	<ul style="list-style-type: none"> ▪ Singapore ▪ Sint Maarten ▪ Switzerland ▪ Turkey ▪ United Arab Emirates ▪ Uruguay ▪ Vanuatu
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Proposed CRS timeline



Impact of the CRS



Are you ready for CRS? Please contact us to discuss how we can help:

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KPMG's Hong Kong office was awarded **FATCA Firm of the Year** by Finance Monthly

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