

OECD - Common Reporting Standards (CRS)

Reduce inconsistencies and help minimize compliance costs for financial institutions, particularly institutions operating in multiple jurisdictions with the Automatic Exchange of Information (AEOI) to report the financial account information on account holders that are tax residents in other participating jurisdictions (i.e. the regulation is based on the AEOI from the source country to the residence country) to minimize the tax evasion.

The Organization of Economic Cooperation and Development (OECD) released the CRS, effective from 01 January 2016 onwards, which sets out a framework for the automatic exchange of information (AEOI) effectively moving to a multilateral model of information exchange. Financial institutions (FIs) included in the scope of the CRS will be required to report financial account information on account holders that are tax residents in participating jurisdictions. Governments are hopeful that it will act as a further preventive measure against tax evasion, increasing voluntary compliance and encouraging taxpayers to report all relevant information.

The CRS contains the reporting and due diligence requirements that are the foundation of automatic information exchange representing an additional global compliance burden for FIs that increases the risks and costs of servicing globally-mobile customers, and non-individual customers in general. The OECD has modelled the CRS on the intergovernmental approach to FATCA meaning it is possible to leverage existing and planned FATCA process and systems in part. However, the data requirement under CRS is different and the volumes of customers affected are likely to be significantly greater.

FOUR MAIN AREAS OF CRS

Financial Institutions

FIs required to report under the CRS include banks, custodians, brokers, collective investment vehicles, trust and certain insurance companies in a participating jurisdiction.

Reportable Accounts

Includes accounts held by individuals and entities, and the requirement to look through passive entities to provide information on reportable Controlling Persons.



Due Diligence Procedures

To identify reportable accounts and obtain accurate, required information, FIs must follow a common standard with robust due diligence procedures to distinguish between individual accounts and entity accounts and between pre-existing and new accounts.

Reporting/Exchange of Information

- Basic Information/Account Number
- Name of Reporting FI
- Account Balances
- Income Details (Interest, Dividend, etc.)

Tax evasion is a global problem and requires a global solution. We therefore welcome the new standard in automatic exchange of information between tax authorities developed by the OECD. This will provide a step change in our ability to clamp down on tax evasion, which reduces public revenues and increases burden on those who pay their taxes.

Joint Statement by the
Early Adopter Countries

Temenos CRS solution

With the arrival of CRS regulation, it is more important than ever to plan for the impact of regulatory regimes and design an efficient response. Temenos offers CRS compliance for participating jurisdictions to comply with the OECD requirements.

The Temenos solution for CRS will be rolled out as a two phased approach. Phase I focuses on the Client Identification and Due Diligence and Phase II on the Reporting (AEOI) requirements according to the regulation's timelines. Our structure allows us to keep our clients updated on recent developments and enables member clients to benefit directly from our combined knowledge and experience. Our experience in developing and implementing FATCA functionality in FIs across the globe will benefit our clients to meet their CRS obligations with limited disruption to their business.

BENEFITS OF THE CRS SOLUTION:

Balance Aggregation
process for the
pre-existing accounts

Classification of pre-
existing accounts into
individuals and entities

Due diligence process
for the pre-existing
accounts

Process to work out the
indicators as part of the
due diligence process

Recording of
the mandatory
information for new
accounts

Reporting/AEOI for
both pre-existing and
new accounts

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