

COMMON REPORTING STANDARD
FREQUENTLY ASKED QUESTIONS

What is CRS?

The Common Reporting Standard (CRS) is the standard for the Automatic Exchange of Information (AEOI) developed by the Organisation for Economic Co-operation and Development (OECD). It is a new reporting and information-gathering requirement for financial institutions in participating countries, to help fight against tax evasion and protect the integrity of tax systems.

What is the main purpose of CRS?

The main purpose of the CRS is to combat the offshore tax evasion and to provide minimum set of standards and framework to increase efficiency and decrease cost associated with exchange of information. Local Financial Institutions report CRS specific information to their Competent Tax Authority, who in turn exchange this information with the respective Competent Authorities of the Participating Jurisdictions with which they have an agreement in place.

What is the difference between FATCA and CRS?

Although the CRS was largely based on the FATCA Model 1 IGA, there are many differences between the two reporting regimes. Key differences include the following:

	FATCA	CRS
For Governing Authority	United States	Separate participating tax jurisdictions
Withholding	30% withholding on Non-Compliant Payees / Intermediaries	No Withholding
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

Thresholds	New Individual: \$50,000 New Entity: N/A Preexisting Individual: \$50,000 (generally) and \$250,000 (cash value insurance) Preexisting Entity: \$250,000	With the exception of preexisting entity accounts, no thresholds applicable
Documentation Requirements	Forms W-8/ W-9 may be used to capture all tax data	U.S. Tax Forms are not acceptable to capture all CRS data (e.g. multiple tax residences, CRS legal entity classification); CRS self-certifications must be developed
New Accounts of Preexisting Account Holders	Allowed to treat new accounts of preexisting clients as preexisting accounts IF Financial Institution is permitted to satisfy such AML/KYC Procedures for the Financial Account by relying upon the AML/KYC Procedures performed for the Preexisting Account	Same as FATCA and UK CDOT but is not allowed when by instance, the account holder of a preexisting account needs to provide new, additional, or amended customer information (as a result of a legal, regulatory, contractual, operational or any other requirement).
Sponsored Entities	Category available with special rules applicable	Category not available

Is CRS applicable in Cyprus?

Yes. Cyprus has signed the Multilateral Competent Authority (MCAA) for CRS as early adopter. This means that Cyprus will be adopting the CRS into its national legislation and CRS comes into effect as from 1 January 2016.

Furthermore, as a European Union Member State, Cyprus must also implement the Directive 2011/16/EU on Administrative cooperation in the field of direct taxation (DAC) as amended by Directive 2014/107/EU in its national legislation.

Which jurisdictions have signed a MCAA for CRS?

As of December 2015, 96 jurisdictions have committed to the CRS (<http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>), of which 56 have

committed to be early adopters, 40 have committed to be late adopters. Additionally, 75 jurisdictions have signed the CRS (<http://www.oecd.org/ctp/exchange-of-tax-information/MCAA-Signatories.pdf>).

Who is within the scope of CRS?

The CRS regulation generally applies to any Financial Institution (FI) located in a CRS participating jurisdiction and obliges those Financial Institutions to identify tax residency of account holders. CRS applies to both individuals and entities. An up to date list of the countries that have either signed or committed to adopt CRS can be found on the OECD's site at: <http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>

Cyprus Financial Institutions are required to identify reportable accounts based on the information collected (via a self-certification) and report them accordingly to the Cyprus tax authority. In turn, the Cyprus tax authority will exchange information with the tax authorities of Reportable Jurisdictions. (Note: the list of reportable jurisdictions will be released by the Cyprus tax authority.) Among other items, self-certification information includes the country(ies) of tax residence and the tax identification number(s).

Who is reportable?

The CRS seeks to establish the tax residency of customers. Under the CRS, financial institutions are required to identify customers who are tax resident in foreign jurisdictions i.e. outside of the country where they hold their accounts and products, and report certain information to the national tax authority.

Does CRS apply to all Banks and financial institutions in Cyprus?

Yes. CRS applies to **ALL** Banks and financial institutions in Cyprus.

What does CRS mean for BOC customers?

For the opening of a new account, BOC is required to obtain from customers their tax residence(s) for tax purposes, and their tax identification number(s), among other items. Without this information, BOC, as with any other Financial Institution in a CRS participating jurisdiction, is not authorized to open a new bank account.

For Pre-existing customers, BOC will, in due course, contact all customers subject to CRS review to obtain a self-certification form in which they determine their residence(s) for tax purposes and provide their tax identification(s) number. Without a self-certification, BOC is

legally obliged to consider the account holder as a Reportable Person. As a consequence, undocumented account holder information will be reported to the relevant tax authorities.

Bank of Cyprus is committed to comply with CRS legislation with a minimum burden on our customers.

In addition, Bank of Cyprus will inform individual reportable persons that their information will be collected and transferred. Individual clients will be provided with all information that they are entitled to under the data protection legislation in sufficient time for the individuals to exercise their data protection rights and, in any case, before the Reporting Financial Institutions report the information to their competent authority.

Where can I get more information regarding CRS from?

For further information please consult the OECD website at: <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-financial-account-information-common-reporting-standard.pdf>. BOC is unable to comment on our account holders tax position and you may need to consider professional advice if you are not sure about your personal tax circumstances.