



February 2016

Tax Initiatives – The Common Reporting Standard

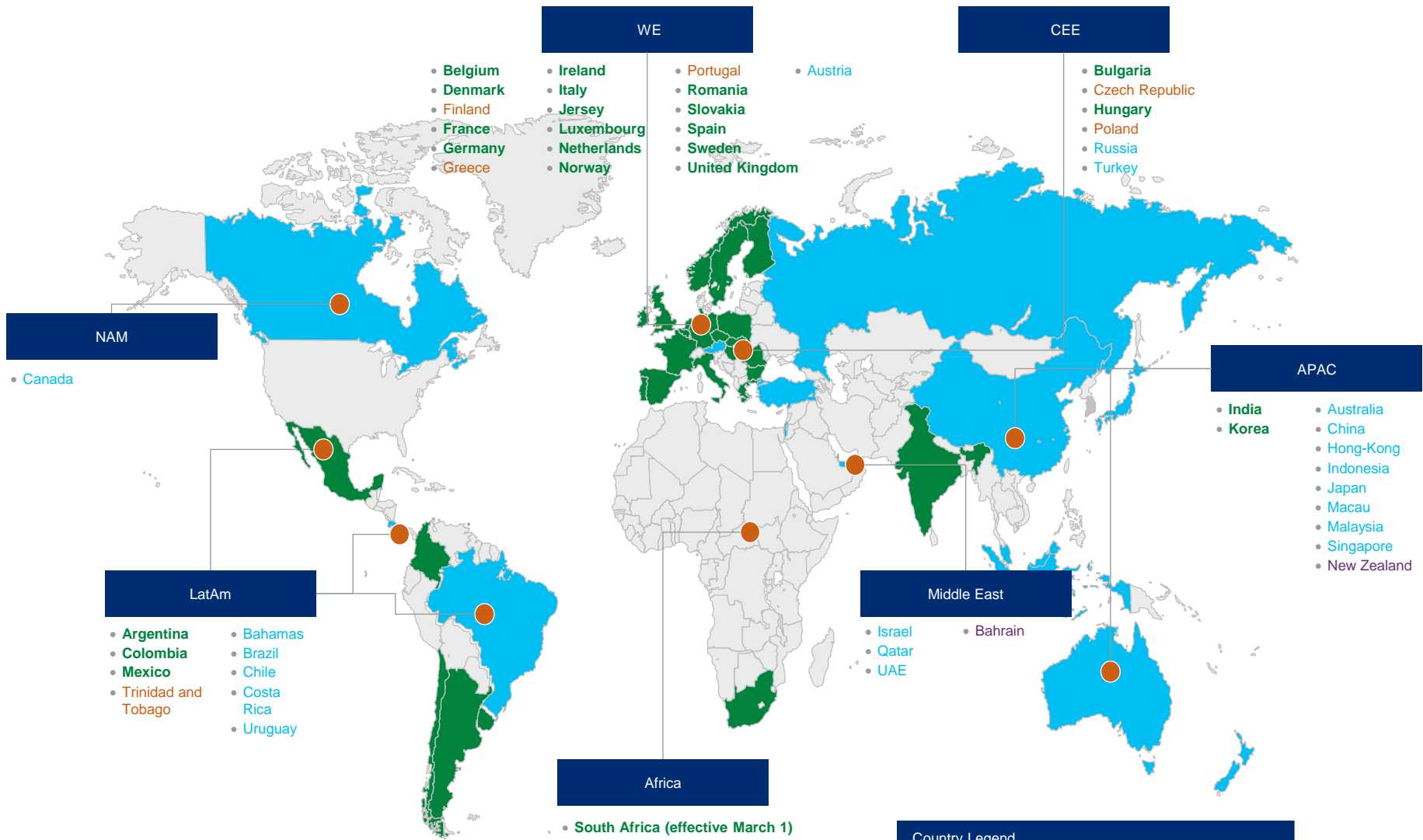
The Common Reporting Standard (CRS)

The Common Reporting Standard - Overview

- The Common Reporting Standard (“CRS”) is a new tax initiative being driven by the Organisation for Economic Cooperation and Development (“OECD”).
- Essentially CRS is the “The Global Response to FATCA”
- CRS requires financial institutions located in participating jurisdictions to implement due diligence procedures to document and identify reportable accounts under CRS as well as to establish reporting processes on the reportable accounts identified.
- While the documentation itself asked for clients’ tax residency, **CRS requirements focus on where the client is doing business** (For example, a Swedish entity doing business in the UK is subject to the UK CRS requirement)
- More than 50 countries **intended** to formally adopt CRS as of January 1 2016. **As of January 2016, 20+ countries have formally adopted CRS (see next slide)**
- Additional OECD-member countries will adopt similar procedures in subsequent years and TTS is monitoring country activity

External Website (Overview and FAQs)visit: <https://www.citi.com/tts/sa/taxinitiatives/index.html>

Common Reporting Standards — TTS Country Scope for 2016 and 2017



Country Legend

- **Bold Green = Formally adopted CRS as of Jan 1 2016**
- **Orange = Watch list to adopt in 2016**
- **Blue = Expect to adopt in 2017**
- **Purple = Expect to adopt in 2018/2019**

The OECD is the source of this information and the OECD continues to provide updated information. We will make every effort to keep this document up to date. If you have any concerns about a country live date, please refer to the OECD [website](http://www.oecd.org).

CRS– 4 Key Focus Areas for Cash Accounts

Applies to:

- For CRS Accounts opened on or after January 1, 2016 in early adopter jurisdictions
- Accounts opening on or after January 1, 2017 in other participating jurisdictions, provided the country has formally adopted CRS

CRS Requirements:

- Collect documentation to establish tax residency of account holder at account opening
- Validate documentation collected against all account information

New Account Due Diligence

Withholding

Not Applicable

Applies to:

- For CRS Accounts opened prior to January 1, 2016 in early adopter jurisdictions
- Accounts opening prior to January 1, 2017 in other participating jurisdictions, provided the country has formally adopted CRS

CRS Requirements:

- Collect documentation to establish tax residency at account holder
- Validate documentation collected against all account information

Preexisting Account Due Diligence

Reporting

Applies to:

- Citi entities located in participating jurisdictions

CRS Reporting Requirements

- First reportable tax year is 2016 in participating jurisdictions.

TTS Cash Accounts

- **Clients opening accounts in participating markets will have to provide a CRS Self-certification form**
 - The CRS Self-certifications have been developed by Citi and other Financial institutions
 - Countries may develop their own self-certification forms, but in lieu of a country mandated form, clients are required to use the standardized Citi form
 - The Citi form is available in local language
- The OECD **requirements** specifically **do not allow for deferrals**; clients who do not return Self Certification Forms will be prevented from opening an account
 - **While there is no deferral, accounts can be opened upon receipt of the form, and we can work with clients for up to 90 days to validate the form** before restrictions are put on the account and/or we're required to close the account
 - The inability to offer deferrals under CRS has been interpreted consistently with our competitors
- Generally, Self-certification forms from clients **can be applied to multiple accounts at a any Citi office within the same participating country**, but **cannot be applied in different countries**
- The CRS Self-certification will be reviewed by the Delaware Tax Utility
 - The Tax Utility is the same operations team reviewing US Tax Forms as part of FATCA
- A separate effort will be required to document clients with accounts opened prior to January 1, 2016 in participating countries
 - Generally the due date for completed PADD is December 2017.
 - However, certain markets, such as India (June 2016) have earlier deadlines
 - TTS is starting this effort now to combine outreach with FATCA pre-existing account due diligence to manage client outreach

Time Deposits and Similar Interest-bearing Products

- Under CRS, any Time Deposit, Minimum Maturity Time Deposit (MMTD) or similar interest-bearing instruments are considered a Financial Account and are subject to requirements similar to standard deposit accounts.
 - Starting January 1, 2016, Clients wanting to place any of these types of deposits in participating countries will be subject to CRS due diligence procedures for new accounts.

Impact to New Implementations in Participating Jurisdictions

- In participating countries, clients will need to complete a CRS self-certification prior to being on-boarded to the product *if one is not already on file from the depository account maintained in the same country*.
- We cannot offer these products to clients without a CRS form on file

Impact to Existing Clients in Participating Jurisdictions

- Existing clients will be required to complete the necessary documentation by **March 31, 2016**, after which clients will not be able to book a new TD without a CRS self-certification on file.
- Communications are underway to impacted clients to ensure they are offered sufficient time to respond
- If a CRS self-certification has been provided as part of new account opening processes in the participating country, that form can be used to address the required documentation for the existing product offering

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