


Client Briefing: Common Reporting Standard (CRS)

To: All clients of RBC Wealth Management in the British Isles

Background

- The Common Reporting Standard (CRS) was developed by the Organisation for Economic Co-Operation and Development (OECD) and endorsed by the G20 Finance Ministers as the new global standard for exchange of financial account information to fight tax evasion and improve tax compliance.

- CRS provides standard procedures to be followed by financial institutions globally to identify certain accounts (Reportable Accounts) that are subject to reporting requirements. Information related to such accounts will be submitted by reporting financial institutions to the local tax authority, which will then exchange the information with the relevant jurisdictions.

- Participating jurisdictions will enter into Competent Authority Agreements (CAAs) with other jurisdictions so they can exchange financial account information of individuals who claim residency in both their jurisdictions.

- 58 countries[1] have committed to become early adopters of CRS and adhere to the timescales detailed in this document. The United Kingdom (UK), Jersey and Guernsey are amongst the early adopters. A number of other countries[2] have committed to adopt CRS in 2017.

Impact for Financial Institutions (FIs) in the UK, Jersey and Guernsey

Reporting obligations already exist for FIs located in these countries under the European Union Savings Directive (EUSD), the US Foreign Account Tax Compliance Act (US FATCA), and its UK equivalent (UK FATCA) but the introduction of the Common Reporting Standard (CRS) will widen the reporting requirements, include a broader range of clients and more financial information as well as extending the number of revenue authorities to which information will be reported and exchanged.

- Under EUSD, only qualifying income earned by individuals is reported to EU Member states.

- Under US FATCA and UK FATCA, account balances and certain income and other payments are reported to the local tax authorities who then exchange that information with the UK, Crown Dependencies and US tax authorities for certain individuals and entities as required.

- UK FATCA will likely be replaced by CRS in 2016 although US FATCA is expected to remain in place.

- It is also likely that arrangements for UK resident but non-domiciled individuals taking advantage of the Alternative Reporting Regime provided for under UK FATCA will be removed once CRS is implemented.

New Accounts 1 January 2016 Onwards

With effect from 1 January 2016, FIs will be required to implement new account opening procedures to identify Reportable Accounts. This will include collecting tax residence information and, when applicable, Reportable Jurisdiction tax identification numbers for new clients.

Accounts in Existence as at 1 January 2016

For accounts opened prior to 1 January 2016, FIs will be required to perform certain due diligence procedures to determine if accounts are Reportable Accounts. There will be further communication for those account holders that are required to provide more information.

Impact for Clients of FIs in the UK, Jersey and Guernsey

Individual Account Holders – If you are an individual account holder identified as being a tax resident of a country that has entered into a CAA with the UK, Jersey or Guernsey (a Reportable Jurisdiction); your account will generally be a Reportable Account.

Entity Account Holders - Certain entity account holders will also be Reportable Accounts, including accounts for certain types of entities that are identified as resident in a Reportable Jurisdiction.

RBC Wealth Management

Companies/Trusts/Foundations/Other Entities – Entities that are administered and professionally managed by RBC may be classified as a Financial Institution and will therefore have due diligence and reporting obligations under CRS which will be performed by RBC. Persons connected with these entities (such as Settlors, Beneficiaries, Owners, Partners etc) will be regarded as Account Holders and will also therefore be subject to CRS requirements.

Passive Non-Financial Entities* (Account Holders) – Controlling persons of Passive Non-Financial Entities, where the entity is an Account Holder with RBC, will be reportable if they are resident in a reportable jurisdiction.

IF YOU MAINTAIN A *REPORTABLE ACCOUNT* YOU SHOULD BE AWARE THAT INFORMATION ABOUT YOUR ACCOUNT WILL BE EXCHANGED WITH RELEVANT TAX AUTHORITIES.

WHAT WILL CLIENTS OF RBC WEALTH MANAGEMENT NEED TO DO?

It is important that you notify us of any changes to your personal details including address, telephone numbers, and tax residency to ensure that our records are kept up to date. We may contact you for additional information during 2016/17 once we commence our review of existing client accounts.

[1] EARLY ADOPTER COUNTRIES AS AT 6 JULY 2015 - FIRST REPORTING TO BE MADE IN 2017 FOR CALENDAR YEAR 2016

Anguilla	Argentina	Barbados	Belgium
Bermuda	British Virgin Islands	Bulgaria	Cayman Islands
Chile	Colombia	Croatia	Curaçao
Cyprus	Czech Republic	Denmark	Dominica
Estonia	Faroe Islands	Finland	France
Germany	Gibraltar	Guernsey	Greece
Greenland	Hungary	Iceland	India
Ireland	Isle of Man	Italy	Jersey
Latvia	Liechtenstein	Lithuania	Luxembourg
Malta	Mauritius	Mexico	Montserrat
Netherlands	Niue	Norway	Poland
Portugal	Romania	San Marino	Seychelles
Slovak Republic	Slovenia	South Africa	South Korea
Spain	Sweden	Trinidad and Tobago	Turks and Caicos Islands
United Kingdom	Uruguay		

[2] REMAINING COUNTRIES COMMITTED - FIRST REPORTING TO BE MADE IN 2018 FOR CALENDAR YEAR 2017

Albania	Andorra	Antigua and Barbuda	Aruba
Australia	Austria	Bahamas	Belize
Brazil	Brunei Darussalam	Canada	China
Costa Rica	Ghana	Grenada	Hong Kong
Indonesia	Israel	Japan	Marshall Islands
Macao	Malaysia	Monaco	New Zealand
Qatar	Russia	Saint Kitts and Nevis	Saint Lucia
Saint Vincent and the Grenadines	Samoa	Saudi Arabia	Singapore
Saint Maarten	Switzerland	Turkey	United Arab Emirates

* A Passive Non-Financial Entity is defined as an entity other than a Financial Institution whose primary income is passive (e.g., interest, dividends, rents, royalties, etc.). An entity primarily earns passive income if more than 50% of its gross income over the last three-year period is passive income.

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