

Tax Transparency and the Common Reporting Standard (CRS)

At a Glance

To improve Tax Transparency and aid in the fight against tax evasion, governments across the world introduced new requirements on financial institutions that incorporate additional information gathering and reporting requirements.

These requirements are referred to as the Common Reporting Standard ("CRS") and are being driven by the Organization for Economic Cooperation and Development ("OECD"). CRS requires certain financial institutions ("FIs") resident or located in jurisdictions that have adopted CRS (i.e., participating jurisdiction) to implement due diligence procedures to identify accounts that are subject to reporting under CRS as well as to establish procedures to disclose this information to the local tax authority.

In which jurisdictions does CRS apply?

Over 100 jurisdictions have committed to the implementation of CRS, with approximately 50 "early adopter" countries including the United Kingdom and Jersey committing to a first exchange of information expected in 2017. Financial institutions located or resident in these jurisdictions were required to implement new client documentation and reporting procedures started as early as January 1, 2016. Additional jurisdictions have committed to adopt similar procedures in subsequent years.

Does CRS apply to all financial institutions?

All reporting financial institutions in participating jurisdictions will be subject to CRS. This means they will be required to conduct due diligence to identify the tax residence(s) of account holders and controlling persons of certain account holders. Many jurisdictions have adopted a wider approach to CRS, whereby they will allow account due diligence being performed even of those account holders and controlling persons that are not resident in the participating jurisdiction.

Early Adopter Jurisdictions:

First Information Exchange by 2017

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

Other CRS Adopter Jurisdictions:

First Information Exchange by 2018

Andorra, Antigua & Barbuda, Aruba, Australia, Austria, Bahamas, Bahrain, Belize, [Brazil](#), Brunei, [Canada](#), Chile, China, Cook Islands, Costa Rica, Dominica, Ghana, Grenada, [Hong Kong](#), Indonesia, Israel, Japan, Kuwait, Lebanon, Macao, Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Panama, Qatar, Russia, Samoa, Saudi Arabia, [Singapore](#), St Kitts & Nevis, St Lucia, St Maarten, St Vincent & Grenadines, [Switzerland](#), Trinidad & Tobago, Turkey, U.A.E., Uruguay, Vanuatu

Please note, jurisdictions in [blue](#) indicate a Citi Private Bank booking center.

How will you be affected?

To meet our regulatory obligations, we may be required to solicit information in relation to your tax residency in the form of a "self-certification." If your account was opened prior to January 1, 2016 in an Early Adopter Jurisdiction (or opened prior to January 1, 2017 for the Other CRS Adopter Jurisdictions noted prior), we may be requesting a tax self-certification from you even if the account is closed after these dates. In the absence of these documents, we must generally report your account to the local tax authority, reporting a presumed tax residence for every jurisdiction in which you have indicators of tax residence. Further, without such documents we may not open new accounts or offer additional products and services to clients who choose not to comply with Citi's requests for documentation to establish a client's status under the CRS. Thus, failure to provide the necessary information or tax residence under CRS may lead to account closure or denial of account opening in jurisdictions that participate in the CRS.

We may also need to ask you for additional information in relation to your tax residency at the time we open accounts and in regular account reviews, or if you advise us of certain changes in your circumstances such as a change of an address.

How will self-certifications be validated?

Citi is required to perform certain due diligence procedures to determine whether a CRS Self-Certification Form is complete and reliable in accordance with standards set forth by local tax authorities and the OECD. This process includes a review of information obtained during Citi's KYC and AML procedures to ensure consistency with the CRS Self-Certification Form. As such, we may also request additional supporting documents such as a copy of your passport or other documents to support your CRS Self-Certification Form, including where other indicia of residency is inconsistent.

Please note that you are required to keep your information up to date and advise us of any changes in your circumstances as they occur.

How does CRS differ from the Foreign Account Tax Compliance Act (FATCA)?

FATCA's primary objective is to reduce US tax evasion by identifying US taxpayers who invest directly in accounts outside the US or indirectly through the ownership of non-entities who hold accounts outside the US. There are reporting and withholding implications for clients that are non-compliant under FATCA. CRS aims to identify and report individuals and certain entity account holders and their controlling persons that are tax residents of reportable jurisdictions. CRS is modelled on the FATCA Model 1 Inter

Governmental Agreement (IGA). Unlike FATCA, there is no withholding under CRS; however, the law of each CRS jurisdiction will impose penalties or sanctions for non-compliance. Like FATCA, CRS requires the reporting of account holder information or controlling person information to the financial institution's home country which may be exchanged with the client's resident country.

What will be reported and when?

For early adopter countries the first information exchange is expected in 2017. Information reported (for individuals and reportable entity account holders as well as controlling persons of entity account holders) will include the following:

- Name and address
- Date and country of birth, if required
- Jurisdiction(s) of tax residence, and Tax Identification Number (TIN) (where applicable)
- Account number or functional equivalent
- Account balance
- Income including gross dividends, interest and other income paid or credited to the account
- Gross proceeds from sale or redemption of assets paid or credited to the account

If clients are resident in more than one country, what should they do and what will be reported?

The information pertaining to clients and their accounts may be provided by the local tax authority to each reportable jurisdiction in which, if it is determined, either according to the information that we hold on file or based on a CRS Self-Certification Form, that a client is resident in more than one reportable jurisdiction. You should ensure that you notify us of changes of circumstances as soon as possible and provide us with an appropriate CRS Self-Certification Form on request.

How will Citi ensure that data privacy regulations will not be compromised?

Citi Private Bank values your privacy and will comply with privacy regulations as mandated by local law.

This is not an exhaustive analysis of CRS requirements but a summary for our clients. You can find further information on the agreements at the OECD website: <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard>

Please note that Citi Private Bank does not provide tax or legal advice. We therefore recommend that you consult with appropriate tax or legal advisors you consider necessary or relevant for your circumstances.

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