**Common Reporting Standard (CRS)**

Many people will already be familiar with the term “US FATCA” (The United States Foreign Account Tax Compliance Act). This Act requires financial institutions worldwide to provide certain financial information on accounts held by US persons to their local tax authorities for onward transmission to the US. The first reporting was submitted by financial institutions worldwide on or before 30 June 2015 and annually thereafter.

This was followed soon afterwards by an initiative from the UK Government to extend the exchange of information for UK residents holding accounts in the Crown Dependencies and is widely referred to as “UK FATCA”. The first reporting under this initiative will take place in June 2016 in respect of assets held on behalf of clients by financial institutions in the Crown Dependencies for 2014 and 2015.

From 2017 there will be an even more wide-ranging initiative around the automatic sharing of information. This is known as the Common Reporting Standard (CRS). It will extend to over 100 countries who have signed up to the agreement with more likely to follow. CRS is based upon and has a similar impact to the US and UK FATCA but affects many more people and countries because of the large number of jurisdictions that have signed up to participate. Whilst the UK FATCA will be replaced by CRS, the US FATCA will continue as the US wishes to retain FATCA rather than participate in CRS.

The list of countries that have signed up includes all of the major financial centres, including Guernsey and Jersey, Isle of Man, Mauritius, Luxembourg, Switzerland and also South Africa. A full list can be found on this link: http://www.oecd.org/ctp/exchange-of-tax-information/MCAA-Signatories.pdf

It is very likely that countries not on this list will come under pressure to join.

**CRS timing**

Financial institutions based in the 50 or so countries that signed up first will start to submit reports to their local tax authorities by 30 June of 2017 in respect of accounts held during 2016.

The remaining signatory countries will need to submit reports by 30 June 2018 in respect of accounts held for 2017.

The local tax authorities will transfer the information to the government of another country in accordance with the relevant agreement.

**What does it mean for clients?**

FNB International Trustees (FNBIT) will be required to identify and report on those individuals holding, controlling or benefitting from accounts we administer, which is likely to be wide-ranging and include shareholders, people who have made loans to trusts or companies, partners, settlors and beneficiaries. It may even include protectors.

FNBIT will need to collect the information required to undertake its reporting obligations under CRS such as place of birth, date of birth, Tax Identification Number (TIN), country of tax residence and other similar information.

Clients are being advised to seek guidance from a tax adviser about any implications for them and whether it would be appropriate to consider any voluntary disclosure programmes available in their country of residence. South Africa, for example, has announced a favourable third Amnesty to take place from 1 October 2016 to 31 March 2017.

If you require any further information, please feel free to contact us.