

BIAC Tax Policy Brief

The OECD/G20 Common Reporting Standard (CRS) for the Automatic Exchange of Information Regarding Cross-Border Financial Accounts

What is the CRS?

The Common Reporting Standard (CRS) is the new global standard for the collection and transmission of information regarding cross-border financial accounts.

The OECD developed the CRS at the G20's direction to improve taxpayer compliance. The Standard is based upon the "Model 1" intergovernmental agreements (IGAs) that have been reached to implement the US Foreign Account Tax Compliance Act (FATCA).

BIAC Role

BIAC, through a specially-created Business Advisory Group (BAG), engaged actively with the OECD to develop the CRS and its Commentary providing details and examples for effective implementation.

The global standard (including the CRS and its Commentary) was approved by the OECD Council in July 2014¹ for submission to the G20 Finance Ministers in September 2014.

The global standard framework addresses:

- due diligence procedures for ascertaining the identity and tax residence of existing and new individual and entity account holders (and an entity's "controlling persons");
- reporting requirements (including information regarding the accountholder(s), financial account assets, and annual income and gains);
- procedures by which:
 - financial institutions report information to local tax authorities; and
 - receiving jurisdictions exchange information with residence jurisdictions; and
- detailed definitions and other necessary guidance.

Key Ongoing Issues for Business

Like FATCA, the CRS will be a significant compliance project for financial institutions. New client onboarding procedures, IT builds, and reporting obligations will arise.

¹ <http://www.oecd.org/ctp/exchange-of-tax-information/standard-for-automatic-exchange-of-financial-information-in-tax-matters.htm>



Jurisdiction-specific CRS guidance - that addresses relevant domestic issues, including privacy laws - must provide business with sufficient lead times to ensure compliance. To mitigate compliance burdens, this guidance should provide a single effective date from which financial institutions will collect identification information from all account holders, rather than only account holders in other participating jurisdictions (which will change over time).

Ongoing engagement between the OECD, governments, and the BIAC-led business advisory group is needed to ensure effective and consistent implementation by adopting jurisdictions.

The OECD's Treaty Relief and Compliance Enhancement (TRACE)² initiative should be implemented simultaneously with the CRS; both governments and business would benefit.

Next Steps

The CRS Commentary was endorsed by the G20 Finance Ministers in September 2014. Issues related to the CRS implementation will continue to be addressed by the BIAC Tax Committee and the dedicated Business Advisory Group.

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² http://www.oecd.org/ctp/exchange-of-tax-information/TRACE_Implementation_Package_Website.pdf.