

# FAQ for CRS

## Definition of CRS

The Common Reporting Standard (CRS) is the standard for the Automatic Exchange of Information (AEOI) developed by the Organisation for Economic Co-Operation and Development (OECD). CRS is a comprehensive reporting regime that draws extensively on the intergovernmental approach to implement FATCA. CRS requires financial institutions resident in the Participating Jurisdictions to implement due diligence procedures to document and identify reportable accounts under the provisions of CRS as well as to establish reporting processes on the reportable accounts identified.

## Main purpose of CRS

The main purpose of the CRS is to eliminate the offshore tax evasion and to decrease the cost associated with exchange of information and to provide minimum set of standards and framework to increase efficiency. Local Financial Institutions report CRS specific information to their Competent Tax Authority, who in turn exchange this information with the respective Competent Authorities of the Participating Jurisdictions with which they have an agreement in place.

## Effective date that CRS is applicable in Cyprus

Cyprus along with the rest of the European countries except Austria, the Multilateral Competent Authority (MCAA) were sign to participate as early adopters. CRS is into effect in Cyprus from 1 January 2016. The Republic of Cyprus signed the Multilateral Competent Authority (MCAA) for CRS. Furthermore, as a European Union Member State, Cyprus must also implement the Directive 2011/16/EU on Administrative cooperation in the field of direct taxation (DAC) as amended by Directive 2014/107/EU in its national legislation. As a consequence, Cyprus Financial Institutions will identify reportable accounts based on the information collected and report accordingly to the Cyprus tax authority. In turn, the Cyprus tax authority will exchange information with the tax authorities of Reportable Jurisdictions. (Note: the list of reportable jurisdictions will be released by the Cyprus tax authority.)

## Number of jurisdictions that signed the MCAA for CRS?

As of June 2016, 101 jurisdictions have committed to the CRS (<http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>) of which 55 have committed to be early adopters, 46 have committed to be late adopters.

## Who is within the scope of CRS

The CRS regulation applies to any Financial Institution (FI) located in a CRS participating jurisdiction. The regulation lies with the Financial Institutions in order to identify tax residency of account holders. CRS applies to both entities and individuals. An up to date list of the countries that have either signed or committed to adopt CRS is available on the OECD's site at: <http://www.oecd.org/tax/transparency/AEOI-commitments.pdf> For the purpose of Financial Institutions to identify Reportable Accounts, Financial Institutions are required to obtain self-certifications from their new accounts holders starting on 1st January

2016. Among other items, self-certification information include the country(ies) of tax residence and the tax identification number(s). (Note, controlling persons of an Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution are required to provide a self-certification.)

### **How CRS affects our customers**

We will ask from our clients to provide Omega Funds Investment completed self-certification forms.

Two types of forms are available: Individuals & Entities. For some types of Entity, as well as collecting the Entity self-certification, we may also need to collect information in relation to the Controlling Persons of the entity. The way you will be classified will not affect your business with us, but will help us identify customers whose details may need to be reported with the appropriate tax authority.

### **Determination of the Entity's status**

An Entity's status should be resolved under the laws of the Participating Jurisdiction in which the Entity is resident. If an Entity is resident in a jurisdiction that has not implemented the CRS, the rules of the jurisdiction in which the account is maintained determine the Entity's status as a Financial Institution or NFE since there are no other rules available.

When determining an Entity's status as an Active or Passive NFE, the rules of the jurisdiction in which the account is maintained determine the Entity's status. However, a jurisdiction in which the account is maintained may permit (e.g. in its domestic implementation guidance) an Entity to determine its status as an active or passive NFE under the rules of the jurisdiction in which the Entity is resident provided that the jurisdiction in which the Entity is resident has implemented the CRS.

### **Next Steps**

For the opening of a new account, Omega is required to obtain from customers their tax residence(s) for tax purposes, and their tax identification number(s), among other items. Without this information, Omega, as with any other Financial Institution in a CRS participating jurisdiction, is not authorized to open a new bank account.

Omega Funds Investment is committed to comply with CRS legislation with a minimum burden on its customers and will respect the data privacy of its customers. To this effect it will only disclose the information obtained in the self-certification forms to the relevant local tax authorities if legally obliged to provide the said information.

### **Background Information for CRS**

Further information can be found at the OECD website: <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-financial-account-information-common-reporting-standard.pdf>