

Common Reporting Standard (CRS)

What is CRS?

CRS is a global standard for the automatic exchange of financial information between jurisdictions that have agreed to adopt it. The Organisation for Economic Co-operation and Development (OECD) introduced CRS in order to combat tax evasion and to improve cross-border tax compliance. In Pakistan, CRS compliance is effective from 01 July 2017.

Which countries have committed to the implementation of CRS?

Full list of countries that have committed to the implementation of CRS is available on the OECD website.

How The Bank of Punjab (BOP) will collect account holder's tax information for reporting under CRS?

Under CRS, financial institutions (FIs) in participating jurisdictions must collect certain information regarding client's status and country (or countries) of tax residence, and for certain types of entity clients, the country (or countries) of tax residence of the individual(s) who control them.

Financial Institutions (FIs) will report information on financial accounts held by their customers who are tax residents in other reportable jurisdictions to the Federal Board of Revenue (FBR). The information then will be exchanged annually by the FBR with the concerned local tax administration authority in each reportable jurisdiction with which a relevant information sharing agreement has been entered. **In participating jurisdictions, compliance is mandatory under local law.**

When CRS reporting will begin?

In Pakistan, Reporting Financial Institutions (RFIs) are required to report the requisite information to the FBR by 31 May of each year starting from 31st May 2018.

What is reportable information of customer's financial account under CRS?

Generally, the reportable information includes:

- ⇒ Name;
- ⇒ Address;
- ⇒ Country (or countries) of tax residence;
- ⇒ Taxpayer Identification Number (TIN);
- ⇒ Date and place of birth (for individuals or Controlling Persons);
- ⇒ Account number;
- ⇒ Account balance;
- ⇒ Certain payments made into the account.
- ⇒ *Reportable information may be subject to change under local legislation or guidance.

For a joint account that is held by a reportable person and non-reportable person, the entire account is treated as a reportable account. Reportable information relating to the account and the reportable person will be submitted to the FBR in accordance with local legislation.

How a customer's relationship is affected with the Bank?

To comply with the obligations under CRS, the Bank is required to collect certain tax-related information and/or documents from the holders of new and pre-existing accounts. In addition, the Bank is also required to report and share information regarding reportable account holders and their financial accounts with the FBR.

Pre-existing (reportable) accounts are also required to complete applicable CRS form.

Applicable CRS form can also be obtained from any branch of BOP.

Without a valid CRS form, both new clients and pre-existing clients who wish to open a new financial account with the Bank, may not be able to do so.

The account holder should be aware that in providing the certification, a statement that is false, misleading or incorrect may be regarded as an offence and, therefore may be subject to penalties under relevant law or regulation.

How to determine country (or countries) of tax residence for purposes of CRS?

There is general information regarding tax residence provided by the Organisation for Economic Co-operation and Development (OECD).

For assistance in determining country (countries) of tax residence or in completing the relevant CRS form, the customer may please seek professional tax or legal advice. **Neither the Bank nor any of its employees are able to assist in these matters.**

What is a Taxpayer Identification Number (TIN)?

A Taxpayer Identification Number, or TIN, is a unique combination of numbers assigned by a country's tax authority to a person (individual or entity) and used to identify that person for the purposes of administering the country's tax laws.

What is validity/expiry date of the CRS form after it has been submitted to the Bank?

The CRS form will remain valid unless there is a change in circumstances which affects your tax residence status or where any information provided in the form becomes incorrect. Under this certification, as an account holder, the customer must inform the Bank within 30 days of any such change in circumstances.

What if the customer does not respond to the Bank's request for tax information under CRS?

Compliance with CRS is required by law in participating jurisdictions. If the customer does not respond to the Bank's request for information, and depending on the details on customer's record, the Bank will treat the account as a reportable.

Why is the Bank asking the customer to provide more information under CRS; given the fact that he has already previously provided information under FATCA?

CRS and FATCA are separate regulatory requirements. The Bank is obligated to comply with both client tax information regimes.

What is the difference between CRS and FATCA?

CRS and FATCA both target offshore tax evasion and require financial institutions to identify clients' tax statuses, monitor clients for change in circumstances and report clients' account details, as applicable.

However, FATCA focuses only on tax evasion by US Persons, whilst CRS targets offshore tax evasion based on an account holder's country (or countries) of tax residence.

Where more information can be found on CRS?

The customer may get more information on the CRS from website of The Organisation for Economic Co-operation and Development (OECD)'s.