



I-CAP GROUP

CRS Information Sheet





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Important information: The Common Reporting Standard (CRS):

Background

The counteraction of tax evasion has been high on the agenda of most Governments keen to curb the loss of tax revenues against the backdrop of unpopular austerity measures. Despite many economies starting to move out of recession, the cross border automatic exchange of tax information is a growing trend.

The Isle of Man and Malta have long been committed to tax transparency and in 2013 signed Intergovernmental Agreements (IGAs) with both the US and UK to improve international tax compliance by automatically exchanging financial account information with those jurisdictions from 2015 and 2016 respectively.

In 2010, the United States of America implemented the Foreign Account Tax Compliance Act (FATCA), which is a single global standard for the exchange of information between tax authorities. FATCA is implemented through IGAs with many jurisdictions: <http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA-Archive.aspx>.

What is CRS all about?

On 13 February 2014, the Organization for Economic Co-operation and Development (OECD), at the request of the G8 and the G20, released a model Competent Authority Agreement (CAA) and the Common Reporting Standard (CRS) designed to create a global standard for the automatic exchange of financial account information.

What is CRS all about? (Continued)

Many jurisdictions, OECD and non-OECD, already exchange information automatically with their exchange partners and also regionally (e.g. within the EU) on various categories of income and also transmit other types of information such as changes of residence, the purchase or disposition of immovable property, value added tax refunds, tax withheld at source, etc. The new global standard does not, nor is it intended to, restrict the other types or categories of automatic exchange of information. It merely sets out a minimum standard for the information to be exchanged.

CRS follows a raft of tax compliance legislation such as the US FATCA. Crucially, FATCA is much narrower in scope than CRS and CRS is based upon tax residence and, unlike FATCA, does not refer to citizenship.

On 29th October 2014, 51 Jurisdictions (including the Isle of Man, Malta and the UK) signed the agreement to automatically exchange information. Since then 94 Jurisdictions have committed to the implementation of CRS and as “early adopters” the Isle of Man, like the UK, will make its first exchange of information in respect of CRS for the 2016 calendar year in September 2017.

What does this mean for you?

The OECD has modelled CRS on FATCA and like FATCA the CRS model imposes reporting obligations for Financial Institutions (e.g. Integrated-Capabilities Ltd and Integrated-Capabilities (Malta) Ltd) (I-Cap) to provide information to their local tax authority on an annual basis. In this regard the Financial Institution will be responsible for performing robust due diligence procedures to:

Identify reportable accounts

Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations), and the standard includes a requirement to look through passive entities to report on the individuals that ultimately control these entities.



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Obtain the account holders identifying information, comprising of:

1. Individual
 - a. Name
 - b. Address
 - c. Jurisdiction of residence
 - d. Tax Identification Number (TIN)
 - e. Date of birth and place of birth

2. Entity
 - a. Name
 - b. Address
 - c. Jurisdiction of residence
 - d. Tax Identification Number
 - e. Name, address, Jurisdiction of residence and TIN of controlling person (as above)

3. Report certain accounts to the local tax authority of the Financial Institution. The financial information to be reported with respect to reportable accounts includes all types of investment income (including interest, dividends, income from certain insurance contracts and 4 other similar types of income) but also account balances and sales proceeds from financial assets.

Please note for reporting purposes, an entity will be held to be resident, even if the law of that country or jurisdiction does not treat the entity as a taxable person, e.g. a business entity based in Canada will be resident in Canada, whether or not it has 'ticked the box' to be treated as a taxable person.

Self-Certification

Self-certification may be required in relation to individual account holders as follows:

- To establish where an account holder is resident for tax purposes;
- To obtain a TIN or similar identification number from an account holder who is a resident of another country for tax purposes; or
- In order to show that an individual is not in fact a resident for tax purposes in a country, even if indicia are found indicating such residence.

Entity Classification

Upon review of existing due diligence and/or self-certification, I-Cap will determine whether the entity is, amongst other classifications:

1. a Non Financial Entity (NFE). NFE's are either Passive or Active depending on their activities:
 - a. a trading entity carrying on an active business could be classified as an Active NFE and thus NOT reportable until a change of circumstances.
 - b. an entity not identified as a Financial Institution (FI) or an active NFE is deemed to be a passive NFE. Subject to the controlling person(s) being a reportable person, a passive NFE may be a reportable account.
2. a pre-existing account (as at 31 December 2015) with an aggregate account balance or value of US\$250,000 or less is NOT required to be reviewed, identified or reported as a reportable account until the account balance or value exceeds US\$250,000 as of the last day of any subsequent calendar year.

You may be contacted by us in order to obtain additional due diligence information and/or provide self-certification.

Things to Consider

CRS applies to clients who are tax resident in those jurisdictions which have committed to CRS. Please be aware that the list of jurisdictions is constantly being updated. A reportable account can cover a wide variety of assets or investments, ranging from a single bank account to complex trust structures.

While we are unable to give you any further guidance or information on CRS at this time, please refer to:

<https://www.gov.uk/guidance/automatic-exchange-of-information-introduction>

<http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/>

Receiving this information sheet does not imply that you, specifically, need to take action, or that your tax affairs are not in order. You should consider whether the information provided is relevant to you. If you are unsure, you should speak to a professional tax adviser.

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Integrated-Capabilities Ltd is licensed by the Isle of Man Financial Services Authority to provide corporate and trust services.

Incorporated in the Isle of Man

Registered number: 103959C

Registered office: Bridge Chambers, West Quay, Ramsey, Isle of Man, IM8 1DL

Directors: P. K. Perry MBA ACIS TEP, N. A. Z. Bowery, R. A. Cannell TEP, A. M. Dawson FCIS

Integrated-Capabilities (Malta) Ltd is licensed by the Malta Financial Services Authority to act as a trustee, provide fiduciary services and to act as an Administrator of private foundations in terms of Article 43 of the Trust and Trustee Act,; and Retirement Scheme Administrator to Retirement Schemes registered under Retirement Pensions Act 2011, registration pursuant to article 6(1) of the Retirement Pensions Act, 2011.

Incorporated in Malta

Registered Number: C50348

Registered Office: 45/13 Strait Street, Valletta, VLT 1434, Malta

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