

Common Reporting Standard

Frequently Asked Questions (FAQ)

As at 4 July 2017

What is CRS?

CRS stands for the Common Reporting Standard.

The Australian Government has committed to a new global standard on the automatic exchange of financial account information. Their aim is to make sure everyone pays the right amount of tax by sharing information about financial accounts of foreign tax residents with other tax authorities. In return, other tax authorities are sharing information with the Australian Government on the offshore financial investments of Australians.

The CRS follows on from the Foreign Account Tax Compliance Act (FATCA), which was implemented on 1 July 2014 between Australia and the USA.

Compliance with CRS and FATCA is not optional and is enforceable by law.

When does CRS begin?

CRS began on 1 July 2017.

It applies to all new accounts opened on or after 1 July 2017.

In addition, CRS applies to pre-existing accounts opened prior to 1 July 2017. An assessment of all these “pre-existing” accounts will be conducted in the first half of 2018 and is reportable by July 2018.

What information do individual account holders need to provide?

All accounts opened on or after 1 July 2017, must provide a complete and reliable **self-certification**. This self-certification, together with other information we hold, will allow us to determine whether the account holders are reportable.

We are required to obtain from investors:

1. Name
2. Residential address
3. Date of birth (for real persons only)
4. Every country of tax residence

5. For non-residents, taxpayer identification number (TIN) or equivalent number for each country each account holder is a tax resident of. If no TIN is provided, investors must provide one of the three reasons below:
 - A. Country does not require collection of TINs (at this point in time this option is valid only for Australia);
 - B. Country does not issue TINs (this option is valid for a number of countries, for example those that do not collect personal tax); or
 - C. Country issues TIN, but has not obtained (eg. a TIN has been issued but the account holder(s) have not been informed what their TIN is) or has not been issued (eg. a TIN has not been issued but the country does issue TINs) a TIN.

What information do entity account holders need to provide?

If the investor is an entity and identifies foreign tax residency status, the following mandatory information must be confirmed:

1. Entity name
2. Entity address
3. Entity's foreign country of tax residency
4. For non-residents, taxpayer identification number (TIN) or equivalent number for each country each account holder is a tax resident of. If no TIN is provided, investors must provide one of the three reasons below:
 - A. Country does not require collection of TINs (at this point in time this option is valid only for Australia);
 - B. Country does not issue TINs (this option is valid for a number of countries, for example those that do not collect personal tax); or
 - C. Country issues TIN, but has not obtained (eg. a TIN has been issued but the account holder(s) have not been informed what their TIN is) or has not been issued (eg. a TIN has not been issued but the country does issue TINs) a TIN.

In addition to the above, further clarification is required if the entity is a:

1. Passive NFE (non financial entity), or
2. Financial Institution located in a non-participating CRS jurisdiction and professionally managed by another Financial Institution

In these instances, any beneficial owners or controlling persons (including those with direct or indirect ownership of 25% or more) with foreign tax residency must also provide the same information as required of an individual account.

What is a TIN and how do I know if I am required to provide this?

A Tax Identification Number (TIN) is a unique reference that a tax jurisdiction may issue individuals and businesses for tax purposes. A TIN is known in Australia as a Tax File Number (TFN). Each jurisdiction may refer to this differently and apply its own rules when issuing and using TINs. These rules are governed locally by the tax administration of each jurisdiction and you should refer to them with any queries about TINs.

Who is reportable and to whom?

Under CRS, we are required to collect information, including about your tax residency, and report to the ATO information on foreign tax residents or accounts that may be foreign tax residents. Some investor types are exempt from reporting, but we require documentary evidence to support this.

Even if you do not tell us that you are a foreign tax resident, we may still have information that makes your account reportable, for example you may say that you are a tax resident of Australia only but provide standing instructions to make all payments to a US bank account.

The ATO will in turn exchange information with other countries that have implemented CRS and with the USA with respect to FATCA.

The first CRS reporting in 2018 will cover the year 2017. FATCA reporting is already conducted annually.

I have already given you a self-certification for FATCA, why do I need to give you a self-certification for CRS?

Even if you have previously provided information to us with respect to FATCA, CRS requires a new self-certification to be undertaken. FATCA is focused on US citizens and tax residency, whereas CRS applies to a broader range of jurisdictions. All data we collect may be used for the purposes of both CRS and FATCA.

Am I allowed to determine which data is going to be reported to the tax authorities?

No. What needs to be reported is determined by law.

How often will I need to provide this information?

Once we have a valid self-certification on file, you will only be asked to complete another when you update certain information on your account or we believe your reportable status may have changed.

Will you respect my data privacy?

Yes. We will comply with our privacy statement which is available at <http://www.schroders.com/getfunddocument?oid=1.9.2114276>. We may disclose your information to the relevant tax authorities including for the purposes of CRS and FATCA.

Which laws regulate CRS and FATCA?

CRS and FATCA are implemented by the following acts:

- Foreign Account Tax Compliance Act (**FATCA**), implemented through the Tax Laws Amendment (Implementation of the FATCA Agreement) Act 2014; and
- Common Reporting Standard (**CRS**), implemented through the Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016.

Where can I find further information and advice?

We suggest that you consult a tax adviser if you have any questions regarding your tax residency, CRS or FATCA. You can also find out more information at:

- <https://www.oecd.org/tax/exchange-of-tax-information/CRS-related-FAQs.pdf>
- <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca>