



HM Revenue
& Customs

Charities Automatic Exchange of Information Event

29 June 2016

The Churchill Room, 100 Parliament Street, London, SW1A 2BQ



HM Revenue
& Customs

Welcome & Introductions

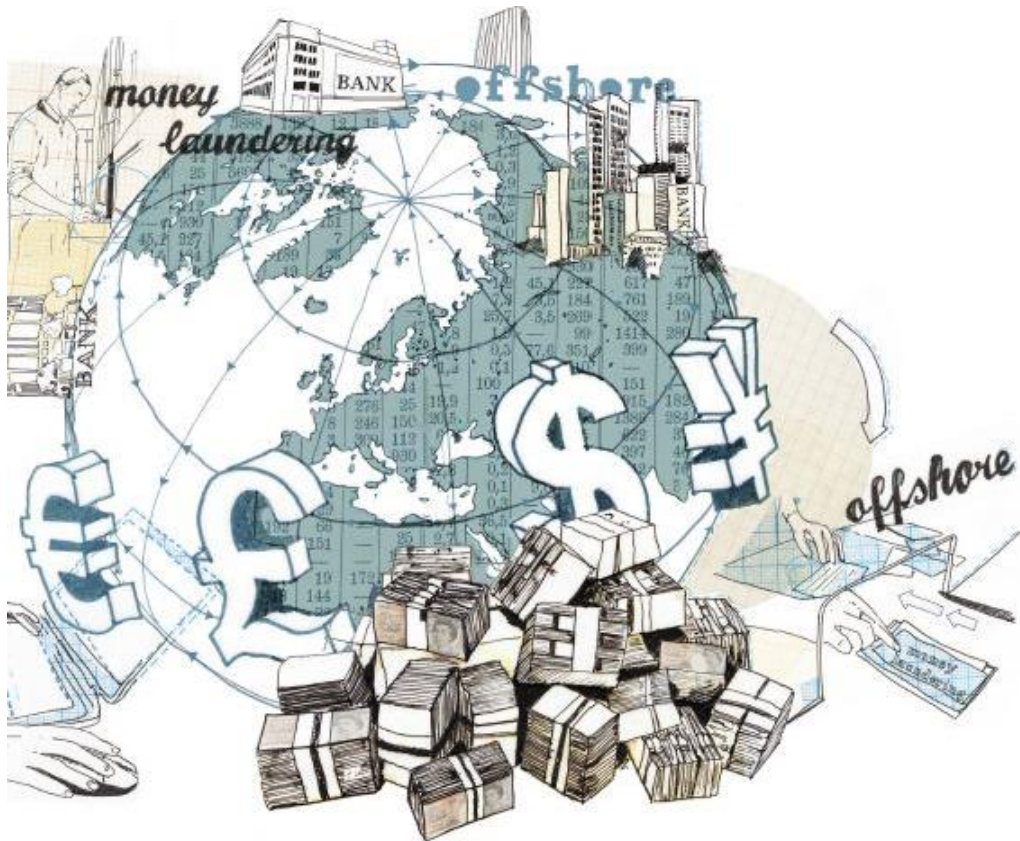
Aidan Reilly

Deputy Director, International Relations, HM Revenue & Customs



HM Revenue
& Customs

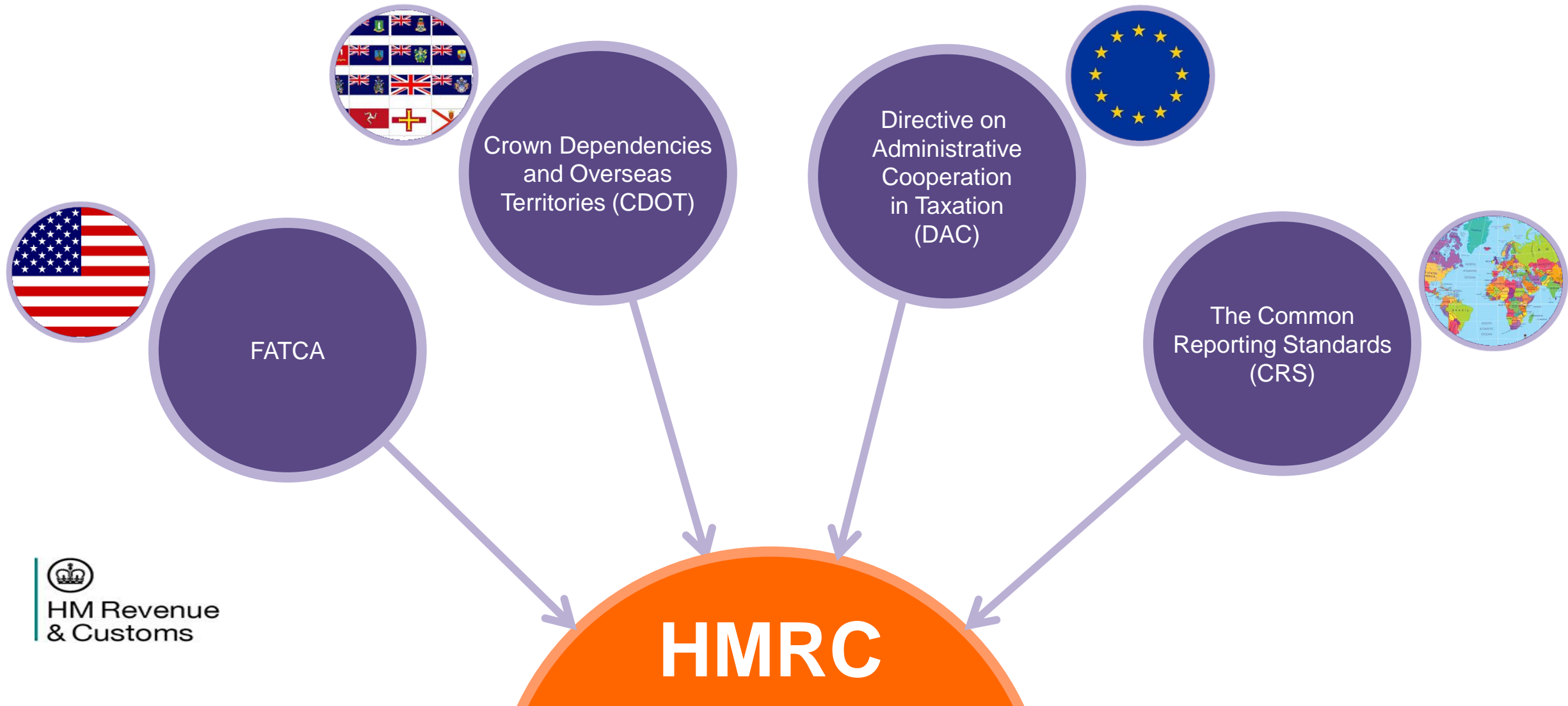
Common Reporting Standard



Elly Crockford

Policy Adviser
Exchange of Information
HM Revenue & Customs

Automatic Exchange of Information



HM Revenue
& Customs

HMRC

Charities and the CRS

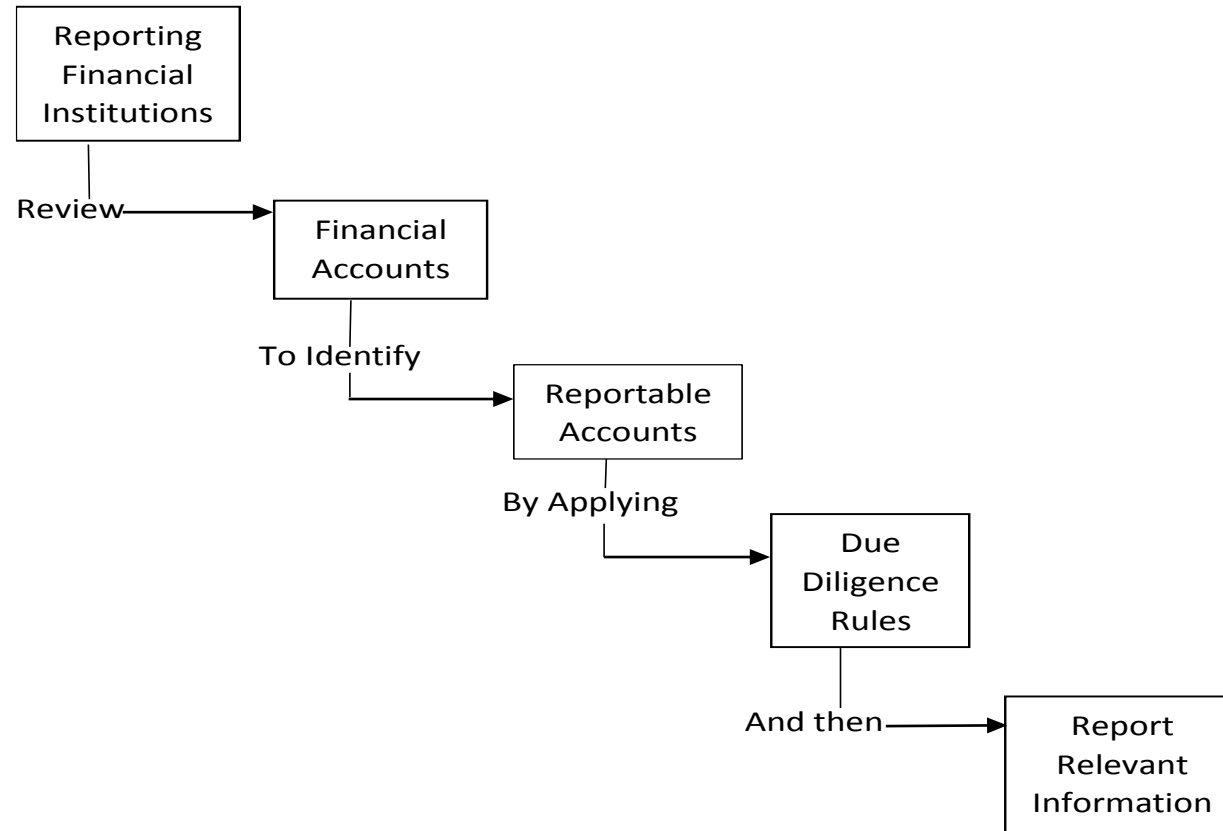
CRS

- One global standard implemented in the same way in all jurisdictions
- Defines Financial Institution, Reportable Accounts and Reportable Persons

Charities

- Charities are excluded from FATCA
- This was possible in a bilateral agreement between the UK and US due to the low risk to the US
- Charities in jurisdictions with less regulation have been used for tax evasion purposes and to hide wealth
- Charities are included in the CRS to combat these uses
- And to protect the reputation of legitimate charities

How CRS works



Reporting Financial Institutions



Reporting Financial Institutions

- Depository Institutions
- Custodial Institutions
- Investment Entities
- Specified Insurance Companies



Charities may be investment entities

- Where more than 50% of their income is from investing in financial assets
- And their assets are managed by another financial institution



Financial Accounts

Financial Accounts

Depository Account

Custodial Account

Cash Value Insurance Contract

Debt or equity interest in Investment Entity

Debt/Equity Interests

Trust, foundation or similar arrangement

Companies

Debt Interests

All beneficiaries, whether discretionary or mandatory

Shareholders, interest in the profits or assets, exercise control over assets

All loans excluding trade creditors

Including informal loans



Reportable Accounts

Reportable Accounts

- Held by one or more reportable person
- Tax resident in a reportable jurisdiction

The Wider Approach

- Legislation requiring a financial institution to gather data on the tax residence of all customers
- Identification of those with reportable accounts
- Future proofing
- Data is held for 6 years



Due Diligence

Individuals

- Self-certification that confirms where tax resident
- Name, address, Tax Identification Number, DoB

Entities

- Self-certification confirming tax residence and status
- Publicly available information
- Name, address, Tax Identification Number, entity status

Entity status

- Financial Institution
- Active Non-Financial Entity
- Passive Non-Financial Entity



Due diligence for charities

Self-certification

Can be verbal

Positive affirmation of tax residence

Tick box form

If normally resident in the UK then no further questions

Reasonableness test

Fit into existing checks carried out for governance

I.e. – if making grants to UK benefits claimants then it is reasonable to conclude receipt of benefits means UK resident

Compliance teams to engage with charities to consider difficult cases

Publicly available information

Charities registers published by Charities Commission for England and Wales

Charities Commission for Northern Ireland



Further guidance

HMRC guidance manual

[International Exchange of Information Manual - HMRC internal manual - GOV.UK](#)



Offshore Data Exchange Team (ODET)

Helen Baker – ODET Technical Lead

The AEOI Portal allows you to upload and submit XML files

This service requires registration for Automatic Exchange of Information

<https://online.hmrc.gov.uk/registration/options?GAURI>

What would you like to do?

Sign up to file returns online

If you're already registered with HM Revenue and Customs (HMRC) for tax and make your returns on paper but now want to file them online, you need to sign up and enrol to use HMRC Online Services. To do this follow the 'Sign up for HMRC online services' link below.

[Sign up for HMRC online services](#)

Tell HMRC you're a new business, new employer or new to VAT

Important note: Only follow this link if you want to register for an HMRC business tax. If you're already registered for tax but want to file returns online, follow the 'Sign up for HMRC online services' link.

To register for one or more of these business taxes, follow the 'Register for HMRC taxes' link below.

- Self Assessment (including Class 2 National Insurance contributions)
- Corporation Tax
- PAYE for employers
- VAT

Do not follow this link if you're an agent, or acting on behalf of someone else as you must first sign up for an Agent account on the [Government Gateway](#) website.

When you have your Agent account you can log in to the HMRC online services to use the business registration service.

If you're not in business but need to tell HMRC that you have to file a Self Assessment tax return for another reason, for example you have income from property or capital gains read [Registering for Self Assessment](#).

[Register for HMRC taxes](#)

Register for Machine Games Duty

Follow the 'Register for Machine Games Duty' link below to register with HMRC for Machine Games Duty (MGD).

Don't follow this link if you're an agent, or acting on behalf of someone else as you must first sign up for an Agent account on the [Government Gateway](#) website.

When you have your Agent account you can log in to HMRC online services to register for MGD.

[Register for Machine Games Duty](#)

Qualifying Recognised Overseas Pension Scheme

Follow the link below to register for the Qualifying Recognised Overseas Pension Scheme (QROPS).

[Register for QROPS](#)

Register for VAT Mini One Stop Shop

Follow the link below to register with HMRC for VAT Mini One Stop Shop (MOSS).

Please note: Agents can not register for MOSS on behalf of a client.

[Register for VAT Mini One Stop Shop](#)

Register for Automatic Exchange of Information

Follow the 'Register for Automatic Exchange Of Information' link below to register with HMRC for Automatic Exchange of Information (AEOI).

[Register for Automatic Exchange of Information](#)

You will find the appropriate section in the bottom right hand side of the page

Register for Automatic Exchange of Information

Follow the 'Register for Automatic Exchange Of Information' link below to register with HMRC for Automatic Exchange Of Information (AEOI).

[Register for Automatic Exchange of Information](#)

Create a Government Gateway account

What to do next

To continue with this registration you must have a Government Gateway account. If you don't have a Government Gateway account one will be created for you as part of the registration process.

Please note: You cannot register two different businesses for the same business tax with HMRC using a single Government Gateway account. For example, to register two businesses for VAT you must have a separate Government Gateway account for each business.

This will allow HMRC to automatically enrol each business for the online service associated with the taxes you want to register for once your registration application has been processed. You will then be able to file your returns online.

The information you enter will be saved automatically as you move through the pages.

Do you already have a Government Gateway account?[?]

To register the business, please follow the relevant link below.

[I have an account - login ▶](#)

[Create an account for me ▶](#)

[Back](#)

It may take up to 24 hours to create a Government Gateway account

<https://online.hmrc.gov.uk/registration/organisation/fatca>

Create a Government Gateway account

About you

Please enter the details below then click the 'Next' button to continue. Fields are not case sensitive.

HM Revenue & Customs (HMRC) recommend that you enter an email address. If you enter an email address, HMRC can re-issue your User ID or provide you with a replacement password online if you lose them.



The information you enter on this page must apply to you personally and not to the business you're registering.

* indicates required information

Full name: * ?

Providing an email address will allow you to retrieve your User ID or generate a new password online if you lose them.

Email address: ?

Confirm email address:

Back

Next

Create a Government Gateway account

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Do you already have a Government Gateway account?[?]

To register the business, please follow the relevant link below.

[I have an account - login ▶](#)

[Create an account for me ▶](#)

[Back](#)

Completing your registration

To complete your registration you'll need to provide the following details:

About you:

- organisation name (if applicable)
- first and last name (your name or the name of a contact person if you're an organisation)
- email address
- contact address

Information about each reporting financial institution (FI) that you want to register:

- organisation name (if applicable) or first name and last name (if an individual)
- email address
- telephone number
- address of their principal place of business
- Global Intermediary Identification Number (GIIN) if reporting under FATCA for the USA
- Unique Taxpayer Reference (UTR), National Insurance number or indicate that the reporting FI has no UK tax identifier
- a list of all jurisdictions for which this FI needs to undertake reporting

Once this has been completed you'll be provided with the following:

- AEOI ID (10 digit reference)
- HMRC Registration Identification Number for each FI that you've registered

Welcome to HMRC Online services

Existing users

If you're already signed up for HMRC online services and have a Government Gateway account enter your user ID and password then click the login button.

Please note: Fields are not case sensitive.

User ID: ?

Password: ?

Login

- ▶ [Lost User ID?](#)
- ▶ [Lost password?](#)
- ▶ [Lost or expired Activation Code?](#)

- ▶ Lost user ID and password?

Self assessment individuals can [try our new service](#) or use the [online form](#) to ask for a duplicate user ID.

For all other self assessment customers and for other online services contact the [HMRC Online Services Helpdesk](#).

- ▶ [GOV.UK Verify user \(Self Assessment Only\)](#)

New user

To sign up to use HMRC Online Services and to register a business for HMRC taxes, please click the 'Register' button below.

Register

- ▶ [Frequently Asked Questions \(FAQs\)](#)
- ▶ [Registration and Enrolment process](#)

Automatic Exchange of Information

▶ At a glance

▶ Change registration details

▶ Register financial institution

▶ View or amend a previously submitted online return

▶ View previously uploaded returns

At a glance

Create an AEOI return

To create, view or upload an Automatic Exchange of Information (AEOI) return, follow the relevant link.

[Create an AEOI return online](#) ▶

[Upload an AEOI return as an XML file](#) ▶

To view the latest version of the XML schema, follow the link 'View latest XML schema'.

[View latest XML schema](#) ▶

Change registration details

To ask to change your registration details, follow the link 'Change registration details'.

[Change registration details](#) ▶

You can view all your financial institutions by following the link 'View all reporting financial institutions'.

[View all reporting financial institutions](#) ▶

View previously submitted returns

To view or amend your previously submitted online returns, follow the link 'View or amend a previously submitted online return'.

[View or amend a previously submitted online return](#) ▶

To view your previously submitted uploaded returns, follow the link below.

[View previously uploaded returns](#) ▶

Register additional financial institution

To add a financial institution, follow the link 'Add reporting financial institution'. You can add up to 250 financial institutions in a submission.

[Add reporting financial institution](#) ▶

Change registration details

Please ensure you keep your details up to date

Select This:

Automatic Exchange of Information

- ▶ At a glance
- ▶ **Change registration details**
- ▶ Register financial institution
- ▶ View or amend a previously submitted online return
- ▶ View previously uploaded returns

Change registration details

To ask to change your registration details, follow the link 'Change registration details'.

Change registration details ▶

You can view all your financial institutions by following the link 'View all reporting financial institutions'.

View all reporting financial institutions ▶

See This:

Automatic Exchange of Information

- ▶ At a glance
- ▶ Create an AEOL return
- ▼ **Change registration details**
- ▶ Register financial institution
- ▶ View or amend a previously submitted online return
- ▶ View previously uploaded returns

Change registration details

Change summary

To view or ask to change your Automatic Exchange of Information registration details, follow the relevant link in the 'Status' column.

Important note

You must make at least one change before you can submit your request. Your changes won't be made until you click 'Next' to submit your information. Once you submit your request you can't make more changes for up to 24 hours, or longer during busy periods.

- ✔ A tick means you've requested a change to your details
- An arrow means you've not requested a change to your details

Automatic Exchange of Information - User registration details

Name	Status
Johns, Jon	→ Contact details → Address details

To undo all the changes you've made click 'Undo all changes'.

Change reporting financial institution registration details

To change or delete reporting financial institution details, follow the link.

Change or delete reporting financial institution details ▶

Add reporting financial institution

To add a reporting financial institution, follow the link 'Add reporting financial institution'.

Add reporting financial institution ▶

Manual Input

You may use the portal to add data and build your return online.

Select this:

Automatic Exchange of Information

- ▶ At a glance
- ▶ Change registration details
- ▶ Register financial institution
- ▶ View or amend a previously submitted online return
- ▶ View previously uploaded returns

Create an AEOI return

To create, view or upload an Automatic Exchange of Information (AEOI) return, follow the relevant link.

- [Create an AEOI return online ▶](#)
- [Upload an AEOI return as an XML file ▶](#)

To view the latest version of the XML schema, follow the link 'View latest XML schema'.

- [View latest XML schema ▶](#)

See This:

Automatic Exchange of Information

- ▶ At a glance
- ▼ Create or amend an AEOI return
 - ▶ Select reporting financial institution
- ▶ Change registration details
- ▶ Register additional financial institution
- ▶ View or amend a previously submitted online return
- ▶ View previously uploaded returns

Automatic Exchange of Information

Search - Reporting financial institutions

To create an Automatic Exchange of Information return choose an option to search from the drop-down menu and enter the financial institution's name or HMRC registration identification number then click 'Search' to continue.

You can also view all your financial institutions by following the 'View all financial institutions' link.

By: For:

[View all financial institutions ▶](#)

Manual Input

You may add up to 250 reporting financial institutions, in a single submission.

Complete This:

Automatic Exchange of Information

Reporting financial institution details

Provide the information then click 'Next' to continue.
* indicates required information

Organisation name: Test McTestFace
First name: Not provided
Last name: Not provided
Tax Identification Number: 000000.00000.LE.000
Building name or number: Ty Glas
Street: Ty Glas Road
District: Not provided
City/town: Cardiff
Postcode: CF14 5ZG
Country: GB-United Kingdom

Reporting period 31st December: * 2015

If you are reporting US specific persons, are you making an election to use alternative due-diligence procedures taken from U.S. Treasury Regulations? For non-US persons elect 'No'

Are you making an election to use thresholds in your due diligence process? * No

Are you submitting any NIL returns? * No

Next automatically saves your data

[Back](#) [Next](#)

See This:

Automatic Exchange of Information

Financial institution details - Confirmation

Check that the details are correct then click 'Next' to continue. If any of the information is incorrect, follow the link 'Change reporting financial institution details' to amend the details. If you want to print a copy for your records, you can use the print feature in your browser.

Reporting financial institution details

Organisation name: Test McTestFace
First name: Not provided
Last name: Not provided
Tax Identification Number: 000000.00000.LE.000
Building name or number: Ty Glas
Street: Ty Glas Road
District: Not provided
City/town: Cardiff
Postcode: CF14 5ZG
Country: GB-United Kingdom

Reporting period 31st December: 2015

If you are reporting US specific persons, are you making an election to use alternative due-diligence procedures taken from U.S. Treasury Regulations? For non-US persons elect 'No'

Are you making an election to use thresholds in your due diligence process? No

Are you submitting a NIL return for this financial institution? No

[Change reporting financial institution details](#)

[Next](#)

Manual Input

You may add up to 250 account holders, in a single submission.

Automatic Exchange of Information
▶ At a glance
▼ Create or amend an AEOI return
▶ Select reporting financial institution
▶ Reporting financial institution details
▶ Financial institution summary
▶ Change registration details
▶ Register additional financial institution
▶ View or amend a previously submitted online return
▶ View previously uploaded returns

Automatic Exchange of Information

Financial institution summary

The actions you can take on this page are:

- view or amend reporting financial institution by following the 'Change reporting financial institution details' link
- add a new reportable individual or entity by following the 'Add new account holder' link.

Financial institution name: **Test McTestFace**

[Change reporting financial institution details ▶](#)

[Add new account holder ▶](#)

[Delete draft return ▶](#)

XML Upload

You must have already created and saved an Automatic Exchange of Information (AEOI) XML file.

Select this:

Automatic Exchange of Information

- ▶ At a glance
- ▶ Change registration details
- ▶ Register financial institution
- ▶ View or amend a previously submitted online return
- ▶ View previously uploaded returns

Create an AEOI return

To create, view or upload an Automatic Exchange of Information (AEOI) return, follow the relevant link.

[Create an AEOI return online](#) ▶

[Upload an AEOI return as an XML file](#) ▶

To view the latest version of the XML schema, follow the link 'View latest XML schema'.

[View latest XML schema](#) ▶

See This:

Automatic Exchange of Information

- ▶ At a glance
- ▼ Upload an AEOI return
- ▶ Change registration details
- ▶ Register financial institution
- ▶ View or amend a previously submitted online return
- ▶ View previously uploaded returns

Automatic Exchange of Information

Upload an AEOI return

You must follow **all** of the steps below to upload and submit a return.

- 1 **Upload return**
- 2 Confirmation of upload
- 3 Submit uploaded return
- 4 Submission successful

You must have already created and saved an Automatic Exchange of Information (AEOI) XML file.

Your upload should be a:

- .xml
- .zip The utility used to compress this file must use the Deflate (zlib) algorithm to be a valid format
- conform to the maximum XML file size of 25MB
- **the filename must be the same as the MessageRef**

Upload your AEOI return

When you're ready to upload your AEOI return, click 'Browse' below to find and select the completed returns on your computer.

AEOI return: [Browse...](#) ⓘ

[Next](#)

- **Registering and Reporting Guidance**

<https://www.gov.uk/government/publications/foreign-account-tax-compliance-act-registration-guidance-fatca>

- **Government Gateway**

<https://www.gov.uk/log-in-register-hmrc-online-services>

- **The HMRC AEOI Portal**

<https://online.hmrc.gov.uk/fatca/>

- **Offshore Data Exchange Team (ODET)**

Email: Enquires.AEOI@hmrc.gsi.gov.uk Telephone: 03000 576748

Offshore Evasion Strategy Common Reporting Standard

April 2016



Question 1:

Why do we need to know where the money is going?

- As part of the reciprocal CRS agreement the UK report to other jurisdictions and receive information on those that are UK tax resident with financial interests overseas
- Allows the UK to check the tax position of those tax resident in the UK
- Protecting the UK economy and targeting compliance activity at the highest risks

Question 2:

What will we do with the information once we have it?

- Compliance for charities follows HMRC's usual compliance approach
- All entities are treated consistently to ensure a level playing field
- We take a risk based approach, focusing attention on the areas with the greatest risk of non-compliance
- The approach takes into account the size and complexity of the entity and what it is reasonable to expect them to do to get things right

Question 3:

What do we want you to do?

- The CRS obligations add to what charities should already be doing to support the gift aid claims made, or reliefs claimed
- We expect charities to carry out due diligence checks where required
- Charities should look to include these into existing governance when making grants

Question 4:

How are we going to help you?

- We understand that tax law and charity law are complex areas and many charities have little money to engage advisers to help
- We understand that errors are made, despite the best efforts of those who manage charities, especially where there are new requirements
- We will take a light touch approach to compliance in the first 2 years of CRS reporting
- We will support charities to get it right, rather than penalising them for errors
- We will ensure that charities have a point of contact for queries, either through a customer relationship manager or other contact point



HM Revenue
& Customs

Lunch Break

12:00 – 13:00

Lunch will be served in room 2/51.

CRS & Charitable Trusts

Emily Deane TEP

Common Reporting Standard (CRS)

- The CRS, developed by the Organisation for Economic Cooperation and Development (OECD), is a global reporting standard for the automatic exchange of information (AEOI).
- The objective of the CRS is to allow tax authorities to obtain a clearer understanding of financial assets held abroad by their residents, for tax purposes.
- It is a new system for exchanging tax information which builds on the principles of US FATCA.
- Your charity is obliged to collect information for the calendar year ending 31 December 2016 and must report to HMRC by 31 May 2017.

Charitable Trusts 'CTs'

CRS obligations for Charitable Trusts (CT's) only

Is it an Entity? Yes it is a CT

Is the CT within a **Participating Jurisdiction**?

- Yes if one of more trustees are resident there
- 101 countries are participating including ALL EU members

Financial Institutions

CRS has two main categories for CTs

1. Is it a Financial Institution 'FI'?

- The CT will be an FI if at least 50% of the CT's gross income is derived from investing, reinvesting or trading in financial assets

AND

- If the CT is professionally managed where either one or more trustees is an FI or if the trustees have appointed a discretionary fund manager (ie. professionally managed)

NO De Minimis threshold unlike FATCA

Timeframe

AND

in the shorter period of:

- The three year period ending on 31 December in the year preceding in which its status as an investment entity is to be determined; or
- The period in which it has been in existence

Non-Financial Entity

2. Non-Financial Entity 'NFE'

The CT will be an NFE if it is not an FI because:

- Its income comes primarily from gifts, donations, grants and legacies
OR
- It has no discretionary fund manager or FI managing the CT (ie. NOT professionally managed)

The financial information will not need to be reported

Financial Accounts

If the CT is a Financial Institution

Does the CT have financial accounts? More than likely – YES

The CT will need to report on the financial accounts that are held by
Account Holders

An Account Holder is a person who has 'equity or debt interest' in the trust eg. Settlers, Beneficiaries, Protectors, a person who has made a loan to the trust is deemed to have a debt interest

Account Holders

Who are the account holders?

Account holders are defined as anyone with a debt or equity interest in the CT *'an Equity Interest is considered to be held by a person treated as a settlor, or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust'*.

Account holders are reportable when tax resident outside of the UK and in a CRS country

What is reportable?

On an annual basis ending 31 December to HMRC

The CT must obtain self-certifications from the account holders (no prescribed form)

- Name, tax residence, address and TIN (some countries do not issue TINs so nothing to report unless they have an equivalent eg. Social security, NI, Resident registration number)
- A reportable person resident in more than one country who has more than one TIN will need to report them
- The UK TIN is the National Insurance number
- The account balance & gross amount paid or credited to the a/c in the reporting period. The closure of any accounts.

DISREGARD FATCA! CTs have no reporting requirements

Reporting Beneficiaries

- **Mandatory beneficiaries** – report the whole value of the trust fund and any distributions received within a year
- **Discretionary beneficiaries** – only need to report if they have received a distribution within the year
- **Contingent beneficiaries** – meet the same requirements as discretionary beneficiaries
- Sections 2.36 and 9.2 of the FATCA guidance provide more information on valuing trusts and accounts

Unknown beneficiaries

When CTs donate to homeless/destitute beneficiaries in a CRS country it may be difficult for the trustee to obtain a self-certification:

- The beneficiary's residence can be confirmed verbally
- If you cannot confirm it verbally you can assume that the beneficiary lives in the country where they received the gift
- Subject to a common sense 'reasonableness' test

Further reporting

- Protectors and settlors are deemed to be account holders **regardless** of how much effective control they have over the CT.
- If a person is a settlor **AND** a beneficiary then they must be reported twice as two separate account holders.
- If the trust is a 'Trustee Documented Trust' then the professional trustee company must report on the trust and the trust itself does not need to report.

Active NFEs

If CTs are not FIs they are deemed to be Active NFEs

It is active by reason of income or assets. This requires less than 50% of its gross income to be passive income eg. Dividends, interest, rents and royalties

Examples

- Non-profit NFEs are usually included within the definition of Active NFEs
- It is a Government Entity, International Organisation, Central Bank
- It is a holding company for NFEs that are members of a non-financial group

See HMRC's guidance for more detailed criteria

Active NFEs

Does and Active NFE need to report?

As an Active NFE the CT does not need to register or report.

However, they will need to provide their financial account provider with:

- Tax residency
- TIN

Passive NFEs

Any NFE that does not meet the Active NFE requirements will be a Passive NFE – not applicable to CTs

Passive NFE - an entity which meets the definition of an FI but is located in a non-participating CRS country

Therefore, the FI must ‘look through’ the entity to identify the ‘Controlling Persons’ in relation to the trust and report on them if they are resident in a CRS country.

“the settlor, the trustees, the protector (if any), the beneficiaries and any other natural persons exercising ultimate effective control over the trust”

Reportable – Name, address & DOB of each CP and account value

CRS - non participating jurisdictions

- 55 countries committed to exchange of information in 2017. 46 countries committed to exchange in 2018
- All jurisdictions required to legislate 'to prevent any Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures.'
- e.g. Trustees could avoid onerous reporting by opting to fund domestic beneficiaries only

Re-Cap Questions

Financial Institutions

1. Is the CT tax resident in the UK?
2. Is the CT a Financial Institution?
3. Does the FI maintain financial accounts?
4. Who are the account holders?
5. What is reportable?
6. When is the deadline?

Re-Cap Questions

Active & Passive NFEs

Is the entity an Active or Passive NFE?

Active - inform your financial account provider about where resident and provide your TIN.

you are tax

Passive - identify the 'Controlling Persons' of the trust and them if they are resident in a CRS country

report on

- report the name, address & DOB of each CP in a and account value

CRS country

Tips on CRS Forms

Tips on completing CRS classification forms:

- Make sure it is CRS and not FATCA
- Use the explanatory notes for defined terms
- Use HMRC's guidance notes in conjunction
- Check the deadlines and sanctions for failure to comply – potential £300-£3000 fine for late or inaccurate reports
- If necessary, consult a professional advisor
- See STEP's flowchart

Questions





Practical application of CRS to charities

Wednesday 29 June 2016

Patrick Wilson, Head of Operational Tax

Nicola Mardon, TEP, UK Trust & Estate Services

Agenda

You will have heard from HMRC and STEP the legislative requirements.

In the following, we want to talk about the practical application given you have been classified as an FI under CRS.

1	Account Holders
2	Identification of Beneficiaries
3	Reporting

Account holders of an FI

Your obligation under CRS is to report to HMRC any **Reportable Account** held by **Reportable Persons**.

As a Trust which is an FI by virtue of being an Investment Entity your reportable accounts are all Equity and Debt Interest' holders which specifically includes:

- A settlor of the trust;
- A beneficiary that is entitled to a mandatory distribution (either directly or indirectly) from the trust;
- **A beneficiary that receives a discretionary distribution (either directly or indirectly) from the trust in the calendar year;** and
- Any person that exercises ultimate effective control over the trust.

We must identify all natural persons that exercise ultimate effective control, the OECD has confirmed this includes:

- Trustee - this would have been part of your normal AML process and as such reportable persons should be identified

However the identification of beneficiaries introduces new challenges!

What do we need?

Self certification from beneficiary – whether individual or entity

CRS - E

Entity tax residency self-certification form INSTRUCTIONS

Please read these instructions before completing the form.

Part 1 – Identification of Account Holder

A. Legal Name of Entity/Beneficiary *

B. Country of Incorporation or Organization

C. Current Residency Address
Line 1 (e.g. Street/Post Office Name, Number, Street, P.O. Box)
Line 2 (e.g. Town/City/Township/Village, Number, Street, P.O. Box)

D. Mailing Address (provide only complete if different to the address above in Section C)
Line 1 (e.g. Street/Post Office Name, Number, Street)
Line 2 (e.g. Town/City/Township/Village)

E. Date of Birth (Month/Day/Year)

F. Place of Birth (Country)

G. Place of Birth (City/Town/Village)

H. Place of Birth (Post Office Name, Number, Street)

I. Place of Birth (Country)

J. Country of Birth (Country)

K. Country of Birth (City/Town/Village)

L. Country of Birth (Post Office Name, Number, Street)

M. Country of Birth (Country)

N. Country of Birth (City/Town/Village)

O. Country of Birth (Post Office Name, Number, Street)

P. Country of Birth (Country)

INTERNAL - Page 5 of 12

CRS - I

Individual tax residency self-certification form INSTRUCTIONS

Please read these instructions before completing the form.

Part 1 – Identification of Individual Account Holder

A. Name of Account Holder *

B. Family Name or Surname *

C. Title

D. First or Given Name *

E. Date of Birth (Month/Day/Year)

F. Place of Birth (Country)

G. Place of Birth (City/Town/Village)

H. Place of Birth (Post Office Name, Number, Street)

I. Place of Birth (Country)

J. Country of Birth (Country)

K. Country of Birth (City/Town/Village)

L. Country of Birth (Post Office Name, Number, Street)

M. Country of Birth (Country)

N. Country of Birth (City/Town/Village)

O. Country of Birth (Post Office Name, Number, Street)

P. Country of Birth (Country)

INTERNAL - Page 6 of 12

CRS - E

Entity tax residency self-certification form (please complete parts 2-3 in BLOCK CAPITALS)

Part 2 – Entity Type

Please provide the Account Holder's Status by ticking one of the following boxes:

1. Sole Proprietorship (solely owned)

2. Limited Liability Partnership (LLP) (solely owned)

3. Limited Liability Company (LLC) (solely owned)

4. Limited Liability Partnership (LLP) (partly owned)

5. Limited Liability Company (LLC) (partly owned)

6. Partnership (solely owned)

7. Partnership (partly owned)

8. Trust (solely owned)

9. Trust (partly owned)

10. Other (solely owned)

11. Other (partly owned)

INTERNAL - Page 6 of 12

CRS - E

Entity tax residency self-certification form (please complete parts 2-3 in BLOCK CAPITALS)

Part 3 – Country/Territory of Residence for Tax Purposes and related Taxpayer Identification Number or National Insurance Number (TIN) (See Appendix)

Please complete the following table indicating (i) where the Account Holder is resident and (ii) the Account Holder's TIN for each country/territory jurisdiction indicated. Countries/territories subject to the wider approach may require that the self-certification include a tax identifying number for each jurisdiction of residence (other than for each reportable jurisdiction).

Country/Territory of Residence	TIN	If TIN available enter Residency A, B or C
1		
2		
3		
4		
5		
6		
7		

INTERNAL - Page 6 of 12

CRS - I

Individual tax residency self-certification form INSTRUCTIONS

Please read these instructions before completing the form.

Part 2 – Country/Territory of Residence for Tax Purposes and related Taxpayer Identification Number or National Insurance Number (TIN) (See Appendix)

Please complete the following table indicating (i) where the Account Holder is resident and (ii) the Account Holder's TIN for each country/territory jurisdiction indicated. Countries/territories subject to the wider approach may require that the self-certification include a tax identifying number for each jurisdiction of residence (other than for each reportable jurisdiction).

Country/Territory of Residence	TIN	If TIN available enter Residency A, B or C
1		
2		
3		
4		
5		
6		
7		

INTERNAL - Page 6 of 12

CRS - I

Individual tax residency self-certification form (please complete parts 2-3 in BLOCK CAPITALS)

Part 3 – Declarations and Signatures *

I understand that the information supplied by me is covered by the full provisions of the terms and conditions governing the Account Holder's relationship with the Financial Institution (FI) and that the information supplied by me is correct, accurate, true and reliable.

I acknowledge that the information contained in this form and information regarding the Account Holder and any Representative Accountant may be provided to the tax authorities of the country/territories in which the Account Holder may be tax resident and/or to governmental agencies for exchange financial account information.

I certify that I am authorized to sign for the Account Holder in respect of all the accounts to which this form applies.

I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.

I undertake to advise the Financial Institution (FI) immediately in writing if any change to circumstances which affects the residency status of the Account Holder (including any of the terms provided for in the information contained herein) is to occur in the future. I understand that any change to the information provided herein may require that the Account Holder be notified of the change and that the information may be provided to the tax authorities of the country/territories in which the Account Holder may be tax resident and/or to governmental agencies for exchange financial account information.

Signature *

Print name *

Date (dd/mm/yyyy)

Note: Please include the specific details of any signing form (for example, "Authorized Officer").

If signing under a power of attorney please also attach a certified copy of the power of attorney.

Capacity *

INTERNAL - Page 6 of 12

CRS - I

Individual tax residency self-certification form (please complete parts 2-3 in BLOCK CAPITALS)

Part 3 – Declarations and Signatures *

I understand that the information supplied by me is covered by the full provisions of the terms and conditions governing the Account Holder's relationship with the Financial Institution (FI) and that the information supplied by me is correct, accurate, true and reliable.

I acknowledge that the information contained in this form and information regarding the Account Holder and any Representative Accountant may be provided to the tax authorities of the country/territories in which the Account Holder may be tax resident and/or to governmental agencies for exchange financial account information.

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Capacity *

INTERNAL - Page 6 of 12

Source: <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/BIAC-CRS-ENTITIES-Self-Cert-Form.pdf>
<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/BIAC-CRS-INDIVIDUAL-Self-Cert-Form.pdf>

Who are the beneficiaries?

HMRC internal manual

International Exchange of Information Manual

Charity as FI

Charity as NFE

[Contents](#) > [IEIM400000](#) > [IEIM400600](#) > [IEIM400760](#) > [IEIM400790](#)

Investment Entity: Charities

Charities

A charity, or other not for profit association, may fall within the definition of an Investment Entity where it is managed by a Financial Institution and more than 50% of its income comes from investing in financial assets. Relevant income would include interest, dividends, royalties, annuities and other income from investing in financial assets.

[snip]

Charities

Where a charity is a Financial Institution it will need to carry out due diligence processes on the financial accounts that it holds. These will be the equity and debt interests held in the charity, see [IEIM401700](#) for further details.

Where a charity does not fall within the definition of a Financial Institution it will be a Non-Financial Entity (NFE). Non-profit NFEs are specifically included within the definition of active-NFE where they are registered with The Charity Commission for England and Wales or The Office of the Scottish Charity Regulator, or are a Community Amateur Sports Club; and are registered with HMRC for charitable tax purposes. This means there is no requirement to 'look through' a charity under the rules for passive NFEs [see [IEIM403480](#)] to identify controlling persons, where that charity is an account holder of a Financial Institution.

Source: <https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim400790>

Who are the beneficiaries?

UK registered charity



Income £134,467,000



Voluntary	£109.85m
Trading to raise funds	£8.15m
Investment	£1.21m
Charitable activities	£9.22m
Other	£6.04m
Total	£134.47m

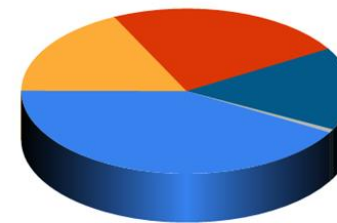
Investment gains £723k

Spending £127,326,000



Generating voluntary income	£22.93m
Trading to raise funds	£5.47m
Investment management	£0.11m
Charitable activities	£97.36m
Governance	£0.65m
Other	£0.81m
Total	£127.33m

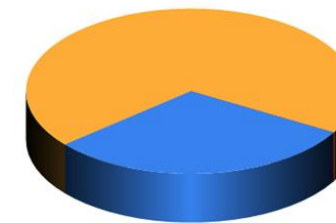
Income Breakdown



Total Income - £46,836,000

Donations and legacies	- £19,556,000
Charitable activities	- £8,290,000
Other trading activities	- £11,059,000
Investments	- £7,618,000
Other	- £313,000

Expenditure Breakdown



Total Expenditure - £49,237,000

Raising funds	- £15,019,000
Charitable activities	- £34,216,000
Other	- £2,000

Issues

Managing Expectations

- Timing
- Research
- Secrecy

Conflict

- Minors
- Internal policies
- Beneficiary has no wish to complete the self certification form

Confusion

- Clarity
- Language
- How do we know if the beneficiary has classified themselves correctly?
- Value reported is not necessarily a taxable value

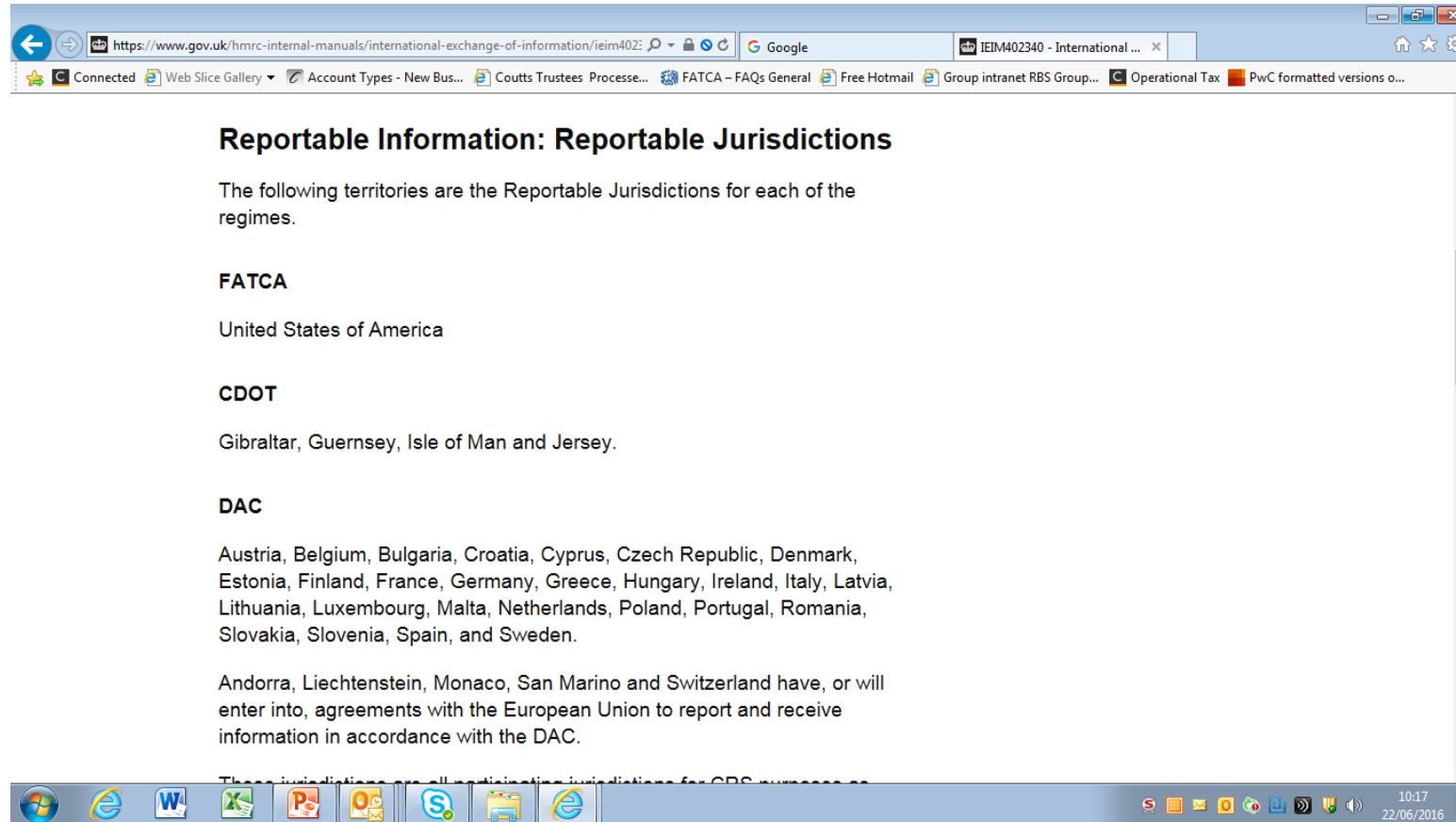
Practicalities

- Students
- Homeless

Participating Jurisdictions

On the Internet to aid classification and reporting HMRC have provided a list of participating countries:

<https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim402340>



The screenshot shows a web browser window with the URL <https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim402340>. The page title is "Reportable Information: Reportable Jurisdictions". The content includes the following text:

The following territories are the Reportable Jurisdictions for each of the regimes.

FATCA

United States of America

CDOT

Gibraltar, Guernsey, Isle of Man and Jersey.

DAC

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

Andorra, Liechtenstein, Monaco, San Marino and Switzerland have, or will enter into, agreements with the European Union to report and receive information in accordance with the DAC.

These jurisdictions are all participating jurisdictions for CRS purposes as

Residence & Tax ID Number

Residence definition and tax ID numbers

<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency/>

This explains tax residence for the given jurisdiction and the form of related tax ID numbers

The screenshot shows a web browser window displaying the OECD Automatic Exchange Portal. The browser's address bar shows the URL: <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>. The page features the OECD logo and the text "BETTER POLICIES FOR BETTER LIVES" and "GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION". Below the logo is a blue banner with the text "Automatic Exchange Portal" and "Online support for the implementation of automatic exchange of information in tax matters". A navigation menu includes "ABOUT AUTOMATIC EXCHANGE", "COMMON REPORTING STANDARD (CRS)", "INTERNATIONAL FRAMEWORK FOR THE CRS", "CRS IMPLEMENTATION AND ASSISTANCE", and "COMMITMENT AND MONITORING PROCESS". The current page is "Tax identification numbers (TINs)", with a breadcrumb trail: "Automatic Exchange > CRS Implementation and Assistance > Tax identification numbers (TINs)". The main content area is titled "Tax identification numbers (TINs)" and provides an overview of domestic rules governing the issuance, structure, use, and validity of Tax Identification Numbers ("TIN") or their functional equivalents. It states that the jurisdiction-specific information is split into sections for individuals and entities. The text also mentions that the information is preliminary guidance and that further questions should be directed to the relevant tax administration. Below the text, it says "Last updated: 16 June 2016" and lists various jurisdictions with their respective flags: Albania, Canada EN, Canada FR, Germany, Jersey, Netherlands, Singapore, Andorra, Cayman Islands, Ghana, Korea, New Zealand, and Sint Maarten. The Windows taskbar at the bottom shows the time as 10:12 on 22/06/2016.

Reporting

We are required to report information to identify the account holder and the financial details:

Account holder: Name, Address, Jurisdiction of Residence, Tax ID number, Date of Birth, Place of Birth, Account number , Reporting FI number

Financial Information: The total gross amount paid or credited to the account including the aggregate of any redemption payments made to the account holder during the calendar year

Practically:

1) **Account Number** - you will need to allocate a unique ID for each payment through which you could locate the record again

2) **Date of Birth** - If the account is pre-existing ie you have already made a payment to the beneficiary you can provide the D.O.B of the beneficiary rather than the TIN (if not available)

3) **Financial Information**

- **Discretionary Beneficiary** – the sum paid in the year should be reported both as the Account Value and as the Proceeds

- **Settlor / Trustee / Effective Control** – The total net asset value of the trust needs to be reported against the individual

XML or Direct Entry

HMRC have provided a PORTAL for Automatic Exchange of Information submission, you will need to register on this PORTAL.

Provision has been made for direct entry and for file upload in a specified format – XML submission

You will need dedicated software to generate the XML, so you need to decide if the volume of reportable accounts warrants this investment.

```
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  - <Submission>
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```

QUESTIONS?



HM Revenue
& Customs

Discussion Groups

1. How to include AEOI due diligence into existing operations.
2. Communications internally and externally.



HM Revenue
& Customs

Thank you!

If you have any further questions or queries, please send them to crs.consultation@hmrc.gsi.gov.uk