

Jordan Kuwait Bank - CRS Frequently Asked Questions (FAQs)

What is 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).

What is the main purpose of CRS?

The main purpose of the CRS is to combat the offshore tax evasion and to provide minimum set of standards and framework to increase efficiency and decrease cost associated with exchange of information.

When is CRS effective in Cyprus?

Cyprus has signed to be an early adopter. Therefore the CRS is into effect from 1 January 2016.

Is CRS applicable in Cyprus?

Yes. Cyprus has signed the Multilateral Competent Authority (MCAA) for CRS and will be adopting the CRS into its national legislation. 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.)

Which jurisdictions have signed a 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. Additionally, 82 jurisdictions have signed the CRS (<http://www.oecd.org/ctp/exchange-of-tax-information/MCAA-Signatories.pdf>).

Who is within the scope of CRS?

The CRS regulation generally applies to any Financial Institution (FI) located in a CRS participating jurisdiction and obliges those Financial Institutions to identify tax residency of account holders. CRS applies to both individuals and entities. An up to date list of the countries that have either signed or committed to adopt CRS can be found 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.)

Does CRS apply to all Banks and Financial Institutions in Cyprus?

Yes. CRS applies to all Banks and Financial Institutions in Cyprus.

Will I be affected by CRS?

We will ask our clients to provide JKB completed self-certification forms.

There are two (2) types of self-certification form: 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.

If my jurisdiction of tax residency is the same with the country I currently reside do I still need to provide these details and sign a self-certification form?

Under the CRS, we have a legal obligation to establish the tax residency status of all our customers, even if you are a tax resident in the same country as you reside. However, typically your details will not be reportable to tax authorities for CRS purposes.

Why is JKB providing tax authorities with my tax details?

JKB is required to report to the local tax authority your tax details under the legal requirements introduced by the CRS.

The information to be reported will be provided in the self-certification form, including details about the financial accounts and products you have with us.

Which jurisdiction's rules should apply to determine an 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.

What is required by CRS for pre-existing individuals?

CRS generally requires Financial Institutions to:

1) Identify customers for which one of the following CRS indicia appears based on the following:

- a) the Account Holder's residence status;
- b) the Account Holder's residence address and mailing address currently on file with the Reporting Financial Institution;
- c) the Account Holder's telephone number(s) currently on file, if any, with the Reporting Financial Institution;
- d) in the case of Financial Accounts other than Depository Accounts, whether there are standing instructions to transfer funds in the account to another account (including an account at another branch of the Reporting Financial Institution or another Financial Institution);
- e) whether there is a current "in-care-of" address or "hold mail" instruction for the Account Holder; and
- f) whether there is any power of attorney or signatory authority for the account.

(Note: Different methods of review are used based on the value of the account (low value or high value).)

2) Collect self-certification forms and documentary evidence to confirm jurisdiction(s) of tax residence.

3) Document customers with CRS indicia in a Reportable jurisdiction.

4) Report the following information of Reportable Persons to Reportable Jurisdictions:

- the identity and identification information of the account holder (e.g., name, address, jurisdiction(s) of residence, TIN(s), etc.);
- their accounts and account balances;
- the financial income on these accounts, including gross proceeds;

The first reporting will occur in 2017 and will cover the year 2016.

What is required by CRS for pre-existing entities?

1) Identify customers for which one of the following CRS indicia appears based on the following:

- a) Place or incorporation or organisation
- b) Address
- 2) Collect self-certification forms and documentary evidence to confirm jurisdiction(s) of tax residence of entity accounts.
- 3) Document entities with CRS indicia in a Reportable jurisdiction.
- 4) Determine whether the customer is a Passive NFE with one or more controlling persons who are Reportable Persons
- 5) Collect self-certification forms and documentary evidence to confirm jurisdiction(s) of tax residence of controlling persons of passive non-financial entity accounts.
- 6) Document controlling persons with CRS indicia in a Reportable jurisdiction.
- 7) Report the following information of Reportable Persons to Reportable Jurisdictions:
 - the identity and identification information of the account holder (e.g., name, address, jurisdiction(s) of residence, TIN(s), etc.);
 - their accounts and account balances;
 - the financial income on these accounts, including gross proceeds;

What does CRS mean for JKB customers?

For the opening of a new account, JKB 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, JKB, as with any other Financial Institution in a CRS participating jurisdiction, is not authorized to open a new bank account.

For Pre-existing customers, JKB will, in due course, contact all customers subject to CRS review to obtain a self-certification form in which they determine their residence(s) for tax purposes and provide their tax identification(s) number. Without a self-certification, JKB is legally obliged to consider the account holder as a Reportable Person. As a consequence, undocumented account holder information will be reported to the relevant tax authorities.

Jordan Kuwait Bank 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.

Where can I get more information regarding CRS from?

For further information please consult the OECD website at: <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-financial-account-information-common-reporting-standard.pdf>.

It is noted that JKB is unable to comment on its account holders tax position and in case any assistance is needed it is advisable to consider professional advice if the account holders are not sure about their personal tax circumstances.