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What and why CRS?

- A Global FATCA
- The goal of CRS is to combat tax evasion by tax residents of all CRS Participating Jurisdictions.
- Local Tax Authority (LTA) of Participating Jurisdictions exchange tax information with each other.
- LTA receives tax information of FIs.



Difference between FATCA and CRS

		FATCA	CRS
1	Initiative	U.S.	OECD Countries and G20
2	Start date	July 1 st 2014	January 1 st 2016
3	Reporting deadlines for FFIs for Aruba	30 September 2015 for FY 2014	30 September 2018 for FY 2017
4	Indicia	Focus on US Citizenship and US residency	Focus on tax residency of CRS Participating Jurisdictions
5	Due diligence/threshold	Separate due diligence for pre-existing and new accounts and for individuals and entities USD 50.000 / USD 250.000	No thresholds with exception of pre-existing entities with a value of lower than USD 250.000
6	Reportable info of Account Holder	Name Address US TIN (tax id number)	Name TIN Address Date of Birth Jurisdictions Place of Birth
7	Account information to be reported	Account balance +income + capital gains	Account balance +income + capital gains
8	Registration	With the US IRS Registration by Sponsor is possible??	With LTA on the local portal (MDES) No Sponsoring, however registration can be performed by third party
9	Withholding	30% withholding in case of non participating FFIs	No withholding
10	Penalties	There are local penalties, however a soft landing policy was applicable for FY 2014 and FY 2015.	There will be local penalties

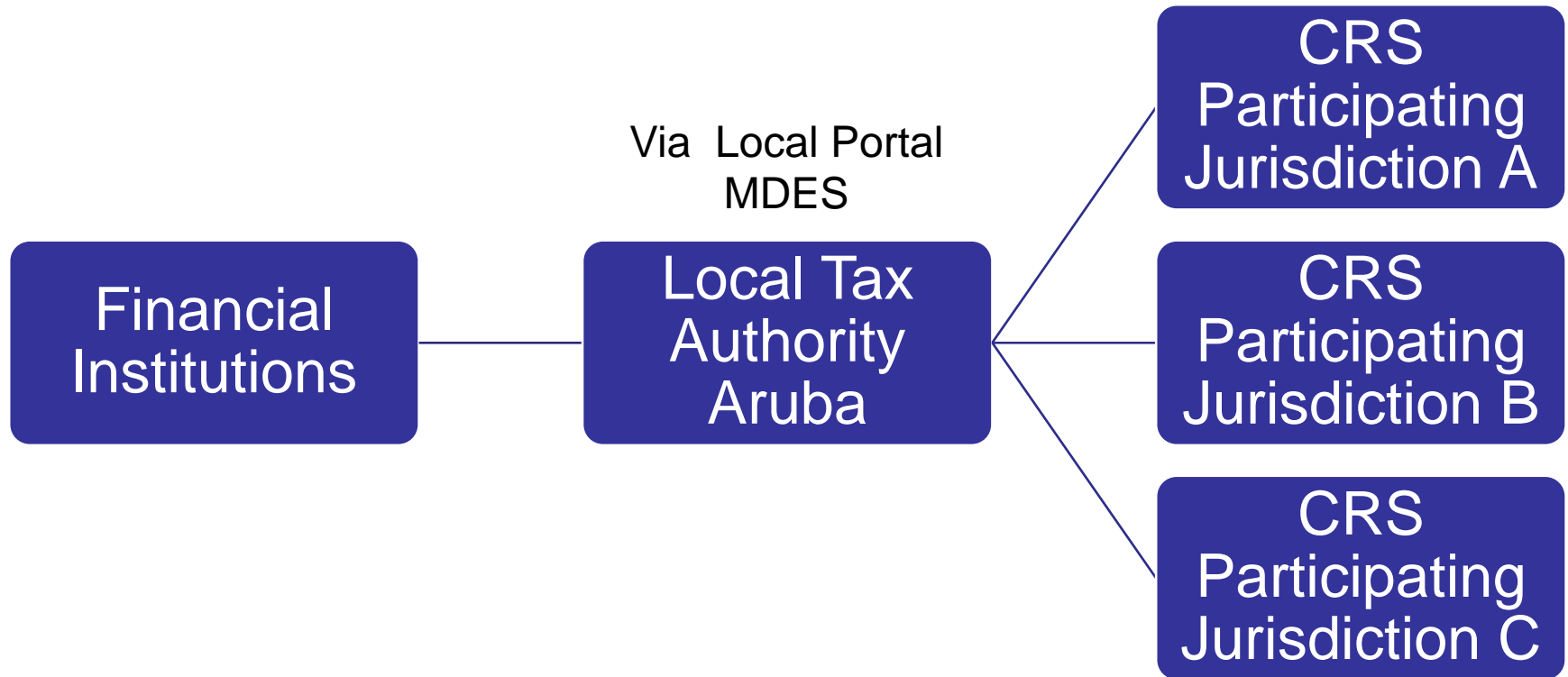


CRS Reporting through LTA

- Reporting is based on Multilateral Competent Authority Agreement (MCAA) with multiple jurisdiction character.
- FI's of Participating Jurisdictions report tax information through their local domestic tax authorities.
- The Local Tax Authority (LTA) on its turn share the information with the other LTA of Participating Jurisdictions.

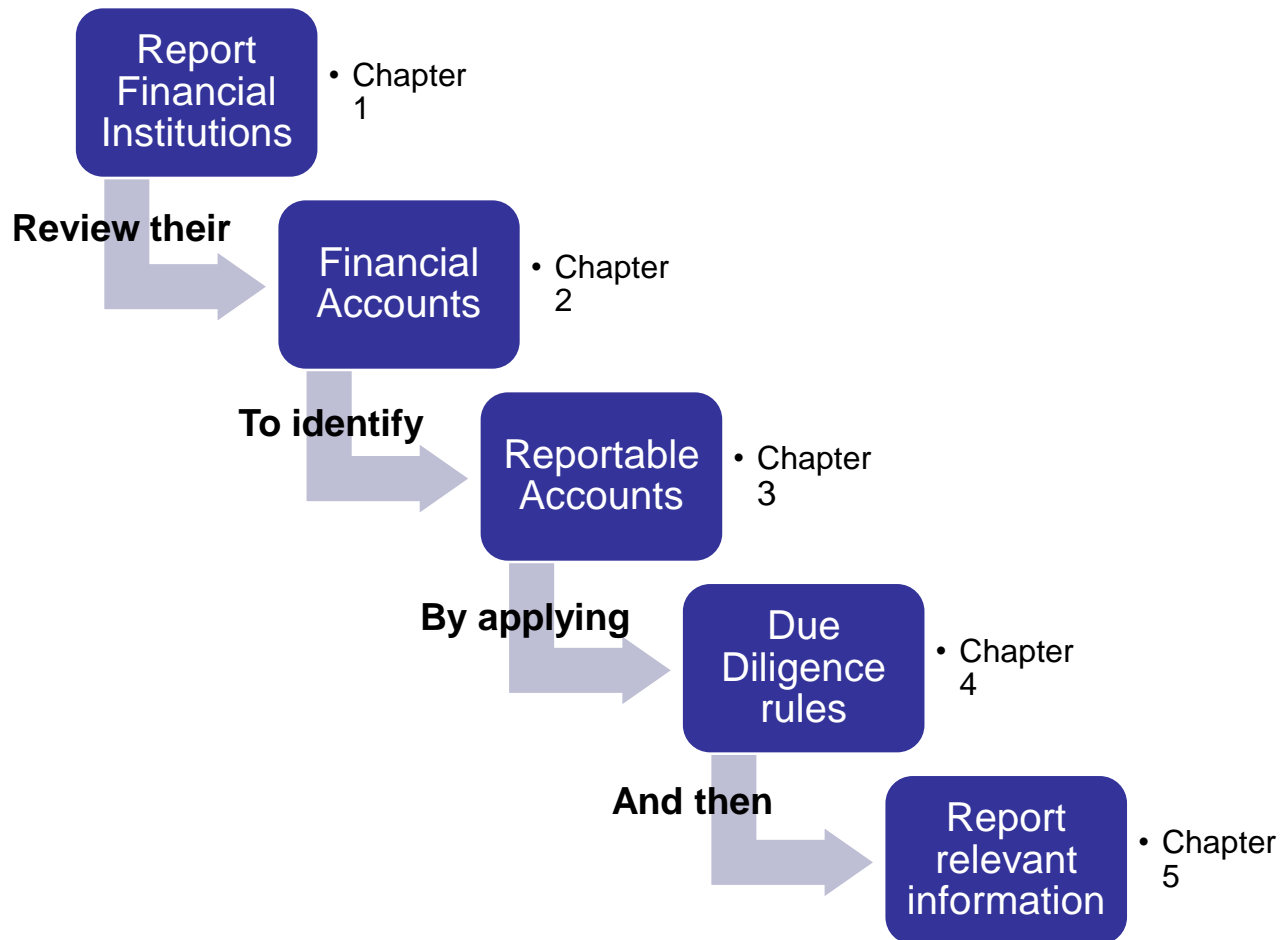


CRS Reporting through LTA – *cont.*





Approach for FI towards CRS reporting – *cont.*





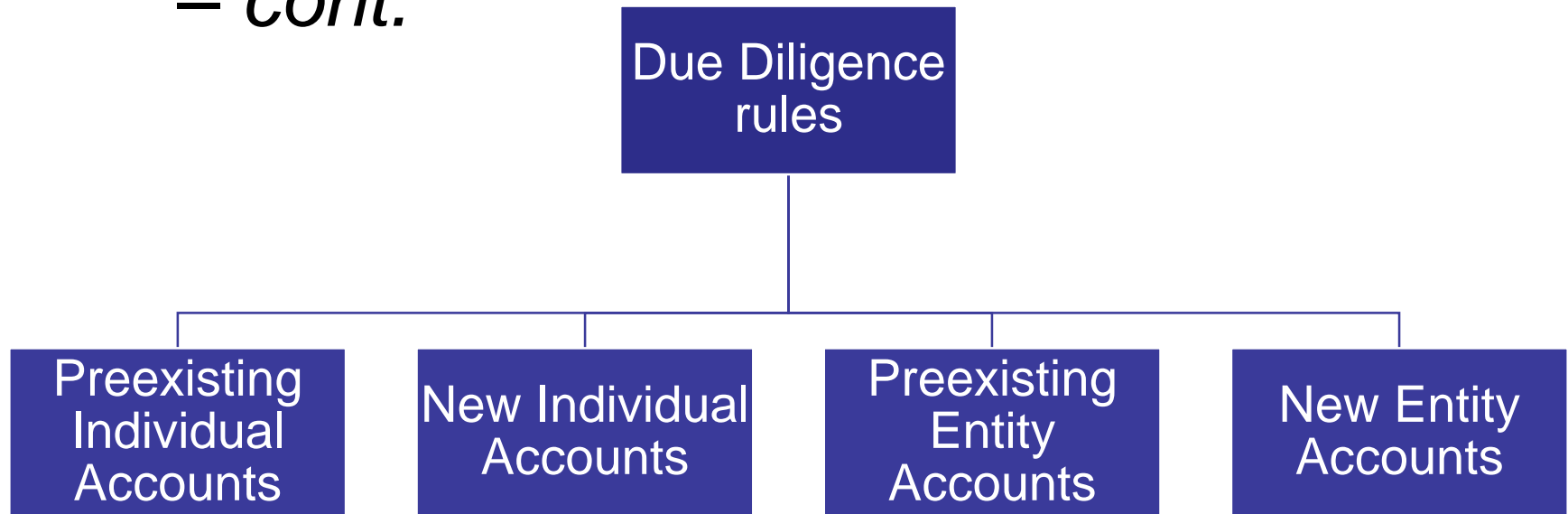
Approach for FI towards CRS reporting

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Chapter	
Chapter 1: Reporting Financial Institutions	A key aspect to implementing the reporting requirements is to ensure the correct scope of financial institutions that are required to collect and report the information.
Chapter 2: Accounts which are Financial Accounts and therefore need to be reviewed	Reporting Financial Institutions are required to review the Financial Accounts they maintain to identify whether any of them need to be reported to the tax authority.
Chapter 3: Financial Accounts which are Reportable Accounts	Once a Reporting Financial Institution has identified the Financial Accounts they maintain they are required to review those accounts to identify whether any of them are Reportable Accounts as defined in the CRS. Where they are found to be Reportable Accounts information in relation to those accounts must be reported to the tax authority.
Chapter 4: Due diligence procedures	The Standard prescribes detailed rules for Financial Institutions to follow to establish whether a Financial Account is held by a Reportable Person and is therefore a Reportable Account. This standardised approach ensures a consistent quality of information is reported and exchanged. The rules also leverage on existing processes.
Chapter 5: The information that gets reported and exchanged	Once accounts are determined to be Reportable Accounts then the Financial Institution must report information in relation to that account to the tax authority. This is the information that a jurisdiction agrees to exchange with its automatic exchange partners as specified in the CAA.



Approach for FI towards CRS reporting – *cont.*



One of the key decisions for implementing jurisdictions is the date from which the New Account procedures will apply. This is the date from which persons that open New Accounts will generally be required to provide additional information for Financial Institutions to determine where they are tax resident. For accounts opened prior to this date, Financial Institutions will generally be allowed to rely on the information they hold on file.

The choice of date will typically be driven by the amount of time it will take to put in place the legislative requirements and for Financial Institutions to put in place the new procedures in relation to New Accounts.

For Aruba the procedures apply, is January 1st 2017.



Resources of CRS

- Documents can be found on regulations of CRS
- International level:
 - The Model Competent Authority [Agreement](#)
 - The Common Reporting [Standard](#)
 - The CRS [Commentaries](#)
 - The CRS [implementation](#) Handbook
- Local level: Will be posted on the website of Impuesto.aw
- Project level:
 - User manual how to use Portal system (MDES)
 - Technical requirements for FI for CRS reporting on Aruba
 - Guide for Aruba