



**STANDARD
FOR THE
AUTOMATIC EXCHANGE
OF
FINANCIAL ACCOUNT
INFORMATION
GUIDELINES
SAINT LUCIA**

VERSION 1.0

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2 ABBREVIATIONS

AEOI- Automatic Exchange of Financial Account Information

AML-Anti Money Laundering

CA- Competent Authority

CRS- Common Reporting Standard

FATCA- Foreign Account Tax Compliance Act

FATF-Financial Action Task Force

FI- Financial Institution

KYC-Know Your Client

MAC- Multilateral Convention on Mutual Administrative Assistance in Tax Matters

NFE- Non Financial Entity

OECD- Organization for Economic Cooperation and Development

TIN-Tax Identification Number

USD- US Dollar

3 GLOSSARY OF TERMS

Account Holder	Person listed or identified as the holder of a financial account. [Person(s) holding financial account on behalf of others (agent, custodian, nominee, signatory, and investment advisor, intermediary) are not deemed account holders]. In the case of cash value insurance contract or annuity contract each person entitled to payment is an account holder.
Active NFE	<p>An NFE which meets any of the criteria below:</p> <ol style="list-style-type: none"> a. Less than 50% of the entity's gross income are passive income and less than 50% of the assets held by the entity produce passive income; b. The stock of the NFE are generally traded on established securities markets; c. The NFE is a government entity, international organization or wholly owned by these; d. Most of the NFE's activities consist of holding outstanding stock of, or providing financing and services to one or more subsidiaries that engage in trades or businesses which are not that of a financial institution. (Investment funds, private equity funds, venture capital funds, leverage buyout funds or any such funds do not qualify for this status); e. The NFE is not operating a business and has no prior operating history (but invests capital into assets in order to operate a business other than a financial institution. Entity does not qualify for the status 24 months after its initial date of organization); f. NFE was not a financial institution in the past five years and is in the process of liquidating assets or reorganizing to recommence business (not as a financial institution); g. NFE primarily engages in financing and hedging transactions with only related entities which are not financial institutions; h. The NFE meets all the criteria below: <ol style="list-style-type: none"> i. It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic or educational purposes; or operated in its jurisdiction of residence as a professional organization, business league, chamber of commerce, labour organization, agricultural or horticultural organization, civic league established exclusively to promote social welfare; ii. It is exempt from income tax ; iii. It has no shareholders or members who have proprietary or beneficial interest in its income or assets; iv. Applicable laws prevent the assets of the NFE from accruing to private individuals or a non charitable entity (except through the entity's charitable activities, or reasonable payment for services, or payments made at fair market value); v. Upon its dissolution, all the entity's assets will be distributed to a government entity or political subdivision or other non-profit organizations.

Annuity Contract	Contract where an issuer agrees to make payments for a predetermined period. Usually determined by the life expectancy of the individual(s). Contract is also considered to be an annuity by law, regulation or practice in the jurisdiction of issuance.
Broad Participation Retirement Fund	<p>Fund which provides retirement, disability or death benefits (or combination) to current or former employees of more than one employer in consideration of services rendered.</p> <p>Provided that the fund does not have a single beneficiary with right to more than 5% of the fund; is subject to government regulation and provides information to the tax authorities (pg. 169) and satisfies at least one of the criteria below:</p> <ul style="list-style-type: none"> ○ Is tax favoured; ○ At least 50% of total contributions are received from the sponsoring employers; ○ Distribution or withdrawal from the funds are only allowed if certain conditions are met; ○ Contributions made by employees are limited (must be a proportion of income earned and must not exceed 50,000 USD).
Cash Value	<p>The greater of the amount:</p> <ol style="list-style-type: none"> i. Policy holder is entitled to upon surrender or termination of the contract ii. Policy holder can borrow under or with regard to the contract. <p>Does not include amounts paid under an insurance contract which :</p> <ul style="list-style-type: none"> ○ Are paid solely by reason of death of the insured party; ○ Are personal injury or sickness benefit or benefits in relation to economic loss paid as a result of an the occurrence event insured against; ○ Are refunds of a previously paid premium due to cancellation or termination, decrease in risk exposure during a period, or error correction (other than an investment linked insurance or annuity contract); ○ Are dividends paid to a policyholder (other than termination dividend); ○ Are paid as a return of an advance premium or premium deposit for an insurance contract, where the premium is payable at least annually (provided that advance premium or premium deposit does not exceed the annual premium payable).
Cash Value Insurance Contract	An insurance contract (other than an indemnity reinsurance contract between insurance companies which has a cash value.)
Central Bank	Principal authority issuing currency by law or government sanction. Whether or not it is owned by the jurisdiction.
Controlling Person	The natural person who exercises control over an entity. (Usually owns more than 25% shares or voting rights).For trusts this is the settler, trustee, protector and beneficiaries and any other persons who have control over the trusts. [Should be interpreted using FATF recommendations].
Custodial Account	An account (except an insurance or annuity contract) which holds one or more financial asset for the benefit of other person(s).

Custodial Institution	<p>An entity which earns 20% or more of its gross income from holding financial assets for the account of others <i>(during the shorter of the three year which ends on Dec 31st (or final day of the accounting year or the period) prior to the year the determination is being made or the time within which the entity has been in existence. Some custodian institutions include custodian banks, brokers and central security depositories.</i></p> <p>Income earned from financial assets includes custody fees, account maintenance fees and transfer fees, commissions, fees from executing and pricing securities transactions, fees for advisory services on assets, fees for clearance and settlement services.</p>
Depository Account	<p>Includes any commercial chequing, savings, time, thrift account, or an account which has a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument maintained by a financial institution in the ordinary course of banking or similar business.</p> <p>Also includes an account held by an insurance company in relation to a guaranteed investment contract or similar agreement to pay or credit interest on such account.</p>
Depository Institution	<p>An entity that accepts deposits in the ordinary course of banking or a similar business. The company should regularly make personal, mortgage and industrial extensions of credit; purchase and sell, discount or negotiate accounts receivable, instalment obligations notes, drafts, cheques, bills of exchange, acceptances or other evidence of indebtedness. Some examples of depository institutions include commercial banks, savings and loans associations, credit unions.</p>
Documentary Evidence	<p>Includes:</p> <ul style="list-style-type: none"> A certificate of residence issued by an authorized government body which shows that the individual is a resident; Valid identification issued by a government body; Any official document issued by an authorised government body that shows either the principal address of an entity or the jurisdiction in which it was established or organized; Any audited financial statement, third party credit report, bankruptcy filing or securities regulator report.
Dormant Account	<p>An account (other than an annuity contract) is considered dormant if the account holder has not initiated any transactions with the account or other accounts held by the institution for the past three years; if the account holder has not communicated with the FI regarding the account or other accounts held by the institution for the past six years; it is so deemed dormant under applicable laws and regulations or normal operating procedures (if they are similar to the foregoing stipulations).</p> <p>An account therefore ceases to dormant once the client conducts transactions or communicates with the bank or is deemed active by local laws and regulations.</p> <p>Notwithstanding, the balance or value of dormant accounts must be reported.</p>

Effective Place of Management	Is where the key management and commercial decisions of an entity are made. An entity can only have one effective place of management at a time (whether or not there are different places of management).
Equity Interests	<p>Capital or profit interests in a partnership; interests held by the settler or beneficiary of a trust or natural person who has control over a trust.</p> <p>(A reportable person will be considered the beneficiary of the trust if the person can receive mandatory or discretionary distributions from the trust (whether directly or indirectly). The beneficiary of a discretionary trust will only be deemed beneficiary if a distribution has been paid or made payable.</p>
Excluded Account	<p>Means the following:</p> <ul style="list-style-type: none"> a. A retirement or pension account which: <ul style="list-style-type: none"> i. Is subject to regulation; ii. Is tax favoured (contributions are tax deductible, or taxed at a lower rate, or tax on investment income of which is deferred or taxed at a reduced rate); iii. Is required to be reported to tax authorities; iv. Has conditional withdrawals (based on retirement age, disability, death, or where penalties apply for early withdrawal); v. Has a limit on annual contributions (not over 50,000 USD and has a maximum lifetime contribution which is less than 1,000,000 USD). b. Non retirement tax favoured accounts which satisfies the following: <ul style="list-style-type: none"> i. It is a non retirement account which is regulated as an investment vehicle and is regularly traded on the securities market; ii. The account is tax favoured; iii. Has conditional withdrawals (based on retirement age, disability, death, or where penalties apply for early withdrawal); iv. Annual contributions are limited to 50,000 USD or less. c. A life insurance contract with a coverage period which ends before the insured reaches the age of 90 if the contract: <ul style="list-style-type: none"> i. Has periodic annual premiums which do not decrease overtime while the contract is in existence or till the insured is 90 years old; ii. No contract value will be withdrawn without terminating the contract; iii. The amount payable upon cancellation or termination cannot exceed the aggregate sums paid for the contract, less the sum for mortality, morbidity and expense charges over the life of the contract; and any amounts paid prior to the cancellation or termination of the contract;

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- iv. The contract is not held by the transferee for value.
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- d. An account held solely by an estate if its associated documents include the deceased will or death certificate.
-
- e. Escrow accounts formed:
 - i. By court order or judgment;
 - ii. The sale, exchange or lease of real or personal property where:
 - o The account is funded solely with a down payment, earnest money, deposit to secure a transaction or similar payment, or is funded by a financial asset deposited in relation to a sale, exchange or lease;
 - o The account is established and used solely to secure an obligation on the part of the purchasers to facilitate the purchase of property, for the seller to pay a contingent liability, or for the lessor and lessee to pay for damages related to a leased property;
 - o The assets of the account will accrue to the purchaser, seller, lessor to lessee, when the property is sold, exchanged or the lease is terminated;
 - o The account is not a margin or similar account established in connection with the sale or exchange of financial assets.
 - o The financial institution is obligated to set aside a portion of the payments to pay taxes or insurance related to the property at a later time.
-
- f. A depository account which:
 - i. Exists because a depositor makes an excess payment with respect to the balance due on a credit card or other revolving credit facility. The overpayment is not immediately refunded.
 - ii. Beginning on or before **January 1st 2017** the financial institution makes arrangements to prevent the overpayment of deposits in excess of 50,000 USD or to ensure that such overpayments are returned within 60 calendar days. (Balance does not include disputed charges or monies used to make purchases).
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- g. Any other low risk account meaning that such account has a low risk of being used to evade taxes.

Exempt Collective Investment Vehicle

An investment entity which is regulated as a collective investment vehicle provided that all of the interests in the collective vehicle, whether individuals or entities are not reportable persons. (except a passive NFE with controlling persons who are reportable persons).

Financial Account	<p>An account maintained by a financial institution (including a depository account and a custodial account).</p> <p>With respect to an investment entity; any equity or debt interests. This does not include interests in an entity which exists to give investment advice; act upon or behalf of customers or manage customer portfolios in the process of investing; managing or administering financial assets deposited in the name of the customer with another financial institution.</p> <p>Any debt or equity interests created to avoid reporting.</p> <p>Cash Value Insurance and Annuity Contracts issued or maintained by a financial institution (Except non investment-linked, non transferable immediate life annuity which is issued and monetized in a pension or disability benefit placed in an excluded account).</p> <p>Financial account does not include an excluded account (See Regulations).</p>
Financial Asset	Includes securities, partnership interest, commodity, swap, insurance or annuity contract, any interest in security, but does not include a non debt , direct interest in real property
Financial Institution	Custodial, depository, special insurance company or investment entity.
Government Entity	<p>The government of a jurisdiction, any political subdivision (state, county, municipality) or any wholly owned agency or instrumentality of a jurisdiction (including integral parts, controlled entities).</p> <ul style="list-style-type: none"> • Integral part means any person, organization, agency, bureau, fund, instrumentality or other body that forms part of the governing authority of a jurisdiction. Net earnings must accrue to the government’s accounts. No portion must go to individuals. This definition does not include a private person or individual affiliated or working with government in his/her private capacity. • A controlled entity means an entity separate in form from the government but wholly owned and controlled by governmental entities (whether directly or through other entities); entities net earnings must be credited to its own account and no portion must go to private individuals; the entity’s assets must be vested in one or more government entities upon its dissolution
High Value Account	Means a pre existing individual account with balance or values that exceed 1,000,000 USD as at December 31 st 2016. Once an account is identified as a high value account it maintains this status until it closes.
Insurance Contract	A contract (other an annuity contract) where the issuer agrees to pay a certain sum upon the occurrence of an event (death, accident, injury, property risk etc).
International Organization	Any international organization or wholly owned agency of such an organization that is comprised primarily of governments; that has a headquarters or similar agreement with the jurisdiction. The income of such an organization must not accrue to private individuals.

Investment Entity	<p>An entity which earns more than 50% of its gross income from trading in money market instruments, transferable securities, or commodity futures trading (cheques, bills, certificates of deposit, derivatives etc), foreign exchange, interest rate and index instruments; individual and collective portfolio management; or investing, administering or managing financial assets on behalf of persons.</p> <p><i>(During the shorter of the three year which ends on Dec 31st (or final day of the accounting year or the period) prior to the year the determination is being made or the time within which the entity has been in existence.)</i></p> <p>Investment Entity does not include an active NFE.</p> <p>Some examples of investment entities include collective investment vehicles, hedge funds, mutual fund, private equity fund, and venture capital fund.</p>
Lower Value Account	<p>Means a pre existing individual account with balance or value that does not exceed 1,000,000 USD as at December 31st 2016</p>
Narrow Participation Retirement Fund	<p>Fund which provides retirement, disability or death benefits (or combination) to current or former employees of more than one employer in consideration of services rendered provide that the fund:</p> <ul style="list-style-type: none"> ○ Has fewer than 50 participants; ○ Is sponsored by one or more employers which are not investment entities or Passive NFEs; ○ Contributions (both from employee and employer) to the fund are limited (must be referenced to income earned); ○ Participants that are not residents of the jurisdiction in which the fund is established are not entitled to more than 20% of the fund's assets; ○ Is subject to government regulation and provides information to tax authorities.
Non reportable Person	<p>Includes Person in the categories below</p> <ul style="list-style-type: none"> ○ A corporation with stocks which are regularly traded on established securities market (and any other related entity of such a corporation) ○ A Government Entity ○ An International organization ○ Central Bank ○ Financial Institution
Non Reporting Financial Institution	<p>Financial institution which is :</p> <ol style="list-style-type: none"> a) A government entity, international organization, central bank (except in respect to payments derived from commercial financial activities engaged in by a specified insurance company, custodial institution or depository institution). b) Broad participation retirement fund; narrow participation retire fund; pension fund of government entity, international organization or central bank, qualified credit card issuer. c) Any other entity at low risk of evading tax <i>(similar to a and b above)</i>. Must be defined in domestic law as a non reporting financial institution.

	<p>d) Exempt collective investment vehicle</p> <p>e) A trust where the trustee is a reporting financial institution which reports all required information on the reportable accounts of the trust</p> <p>See page (170 and 171 for further details on low risk entities)</p>
Participating Jurisdiction Financial Institution	<p>Includes a i) financial institution resident in a participating jurisdiction but excludes the branch of a financial institution located in another jurisdiction, ii) and any branch of a non resident financial institution located in the participating jurisdiction.</p> <p>And entity is considered to be resident if it is subject to laws made in the jurisdiction. A trust is considered subject to a jurisdiction if one or more of its trustees are resident in the participating jurisdiction unless the trust reports all information to another participating jurisdiction where it is tax resident.</p>
Passive Income	<p>Generally includes interest; dividends; income equivalent to interest; rents and royalties; annuities; excess of gains over loss from sale or exchange of financial assets; excess of gains over losses from transactions in financial assets, excess of foreign currency exchange gains over losses; net income from swaps, amounts received under cash value contracts.</p>
Passive NFE	<p>NFE which is not an Active NFE or investment entity which is not in a participating jurisdiction. Look through provision 195</p>
Pre existing Account	<p>An account existing by December 31st 2016. May be an individual account (held by one or more individual) or an entity account (held by one or more entities).</p>
Publically Available Information	<p>Includes information provided by authorised government body, information in a publically accessible register maintained or authorised by an authorised government body; information available on an authorised securities market; publically accessible information obtained from a coding system developed by a chamber of commerce or trade organization.</p>
Qualified Credit Card Issuer	<p>Financial institution which:</p> <p>Only issues credit cards and accepts deposits only when customers make an overpayment. The overpayment is not immediately returned.</p> <p>From Jan 1st 2017 the issuer has policies and procedures in place to prevent overpayments in excess of 50,000 USD from being made or to ensure than such an overpayment is returned within 60 days (disputed charges as not taken into consideration here). New FI must have this measure in place within 6 months being formed or organized.</p>
Regularly Traded	<p>a meaningful volume of stock sold on a regular basis in an established securities market</p>
Related Entity	<p>Where one entity has control (more than 50% vote and value in the entity) of another entity or when entities are under common control or common management.</p>
Reportable Account	<p>An account held by one or more reportable person or by a passive NFE with controlling person(s) that are reportable persons, provided that this can be shown by employing the due diligence procedures of the CRS.</p>
Reportable Jurisdiction Person	<p>Individual or entity that is resident, for tax purposes, in a reportable jurisdiction, or the estate of a deceased individual in a reportable jurisdiction.</p>

	For entities which have no place for tax purposes (partnership, limited liability partnership, or similar legal arrangements) the place of effective management is the jurisdiction of residence.
Reportable Person	Person in a reportable jurisdiction who is not exempt.
Reporting Financial Institution	A participating jurisdiction financial institution which is not a non reporting financial institution. All units, offices and businesses of a reporting financial institution shall be treated as a single branch.
Self Certification	<p>Is a certification by the Account Holder that provides the Account Holder's status and any other information that may be reasonably requested by the Reporting Financial Institution to fulfill its reporting and due diligence obligations, such as whether the Account Holder is resident for tax purposes in a Reportable Jurisdiction. With respect to New Individual Accounts, a self-certification is valid only if it is signed (or otherwise positively affirmed) by the Account Holder, it is dated (at the latest) as of the date of receipt, and it contains the Account Holder's:</p> <ul style="list-style-type: none"> a) Name b) Residence address c) Jurisdiction(s) of residence for tax purposes d) TIN with respect to each Reportable Jurisdiction e) Date of birth <p>Persons with authority to sign a self certificate generally include director or officer of a corporation, a partner in a partnership, a trustee of a trust and equivalent titles or forms.</p>
Special Insurance Company	<p>An insurance company or holding company of an insurance company which is obligated to make payments to fulfil cash value insurance contracts and/or annuity contracts.</p> <p>The company is regulated as an insurance business by law, gross income arising from insurance exceeds 50% of gross income, aggregate value of assets associated with insurance exceed 50% annually.</p>

4 INTRODUCTION

The Automatic Exchange of Financial Account Information (AEOI) became a global standard in 2013 and is derived from Article 26 of the OECD Model Tax Convention. Under this regime financial institutions are required to provide information related to reportable financial accounts held by non resident individuals, from participating jurisdictions. (These jurisdictions would be specified by the Competent Authority [CA]). AEOI emerged out of the need for sovereigns to protect much needed government revenue¹. This need has become more critical as globalization has made it easier for taxpayers to hold and manage their assets outside of their country of residence. A global approach to combat tax evasion and avoidance is therefore required to ensure that persons do not shift assets to avoid the correct reporting of income.

The Common Reporting Standard (CRS) and its associated commentaries provide the reporting and due diligence standards which will be used by jurisdictions to gather and transmit financial account information. In an attempt to reduce costs and maximize efficiency, the CRS was developed in a manner very similar to the Intergovernmental approach used for the Foreign Account Tax Compliance Act (FATCA). This standardized reporting approach was also adopted to simplify the exchange process. One could well imagine trying to exchange information with different countries using different platforms and schemata. The process would undoubtedly prove tedious.

Saint Lucia signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) in November 2016 and is scheduled to submit the first AEOI reports in September 2018.

¹ Tax evasion and avoidance has become a cause of concern for OECD and NON OECD countries alike.

The following information is to be reported annually:

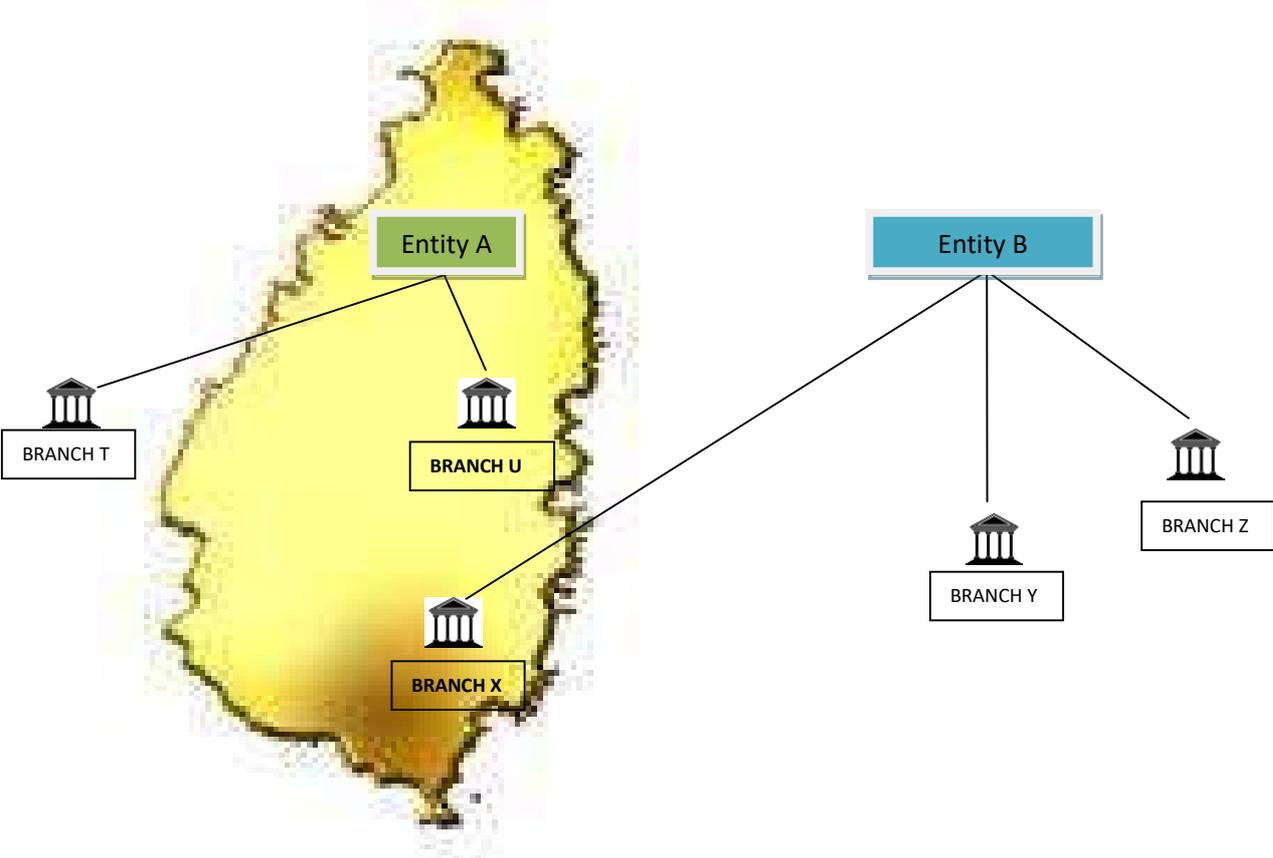
- Interests
- Dividends
- Account balance or value
- Sales proceeds from financial assets
- Other income generated from assets held on account
- Income from certain insurance products

These guidelines should be used in conjunction with the Standard for Automatic Exchange of Financial Account Information in Tax Matters, the Automatic Exchange of Financial Account Information Act No. 22 of 2016 and its associated regulations and any other guidance notes provided by the Competent Authority and or OECD.

5 DETERMINATION OF RELEVANT JURISDICTION

For the CRS only entities can be reporting financial institutions (this term includes all legal persons and arrangements but excludes individuals). Reporting Saint Lucia Financial Institutions are the branches of entities resident in Saint Lucia and the branch of any other foreign entities located in Saint Lucia (Please see Diagram 1). Only the branches of entities in Saint Lucia will be required to report to the Competent Authority in Saint Lucia. As illustrated in Diagram 1 below, Branch U and Branch T will report in Saint Lucia.

Diagram 1 Reporting Saint Lucia Financial Institution



Entities listed as Non Reporting Financial Institutions, by Regulation, also will not be required to report. For entities to be deemed non reporting, they must meet the criteria stipulated in Section VIII B of the Standard for the Automatic Exchange of Financial Account Information.

The location of entities can be determined using the criteria in Table 1 below.

Table 1 Determination of the jurisdiction where an entity is located

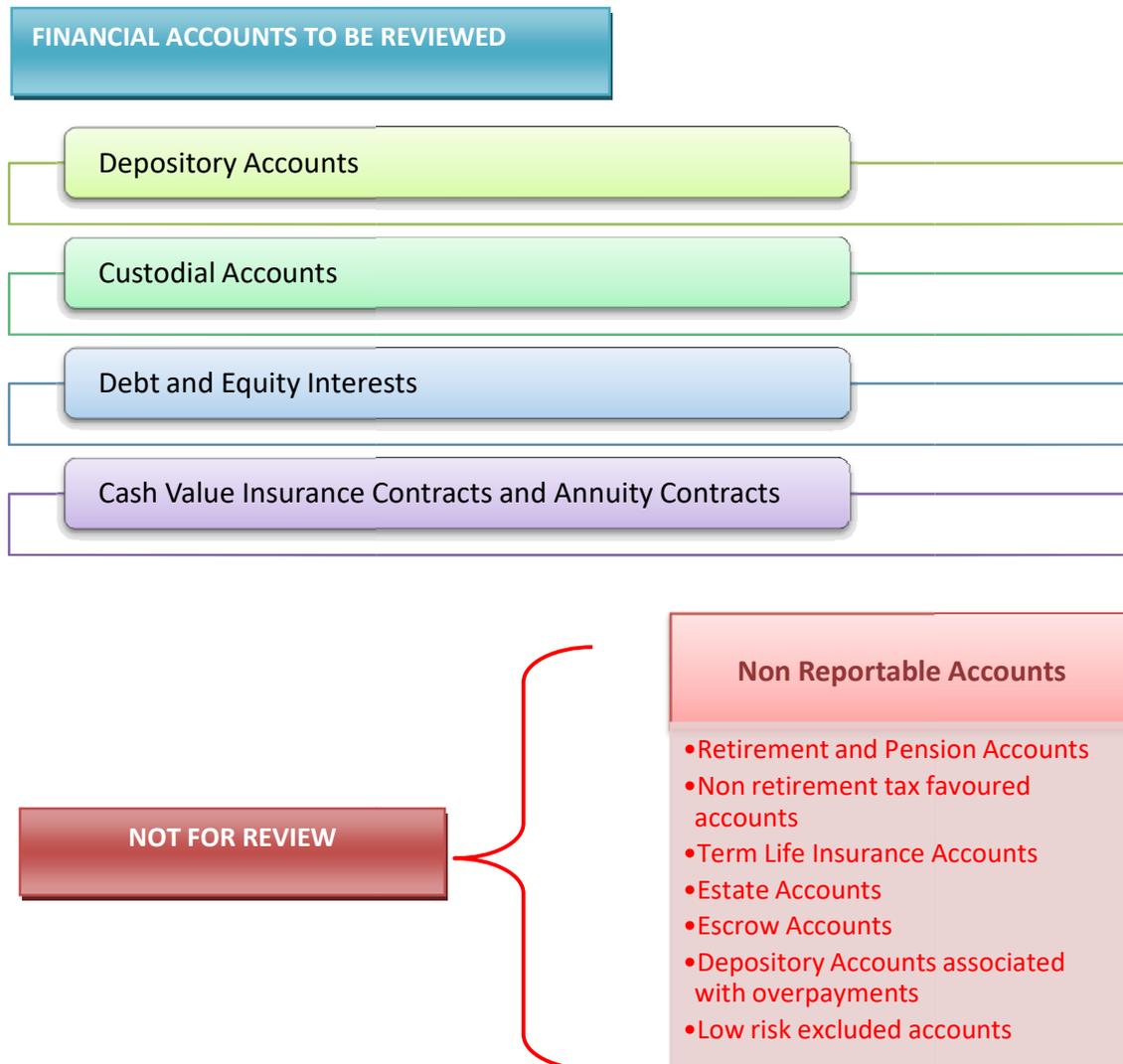
Entity	Location
Tax Resident Entities	Residence for Tax Purposes.
Non Tax Resident Entities	Place of incorporation, place of management or place where entity is subject to financial supervision.
Multiple Resident Entities	Where the accounts are maintained.
Trusts	Where one or more trusts are resident, unless the required information is being reported elsewhere.

6 DETERMINE IF AN ACCOUNT IS REPORTABLE

A financial institution needs to determine which of the accounts it maintains will be subject to the CRS. Once these accounts have been identified, the entity is required to determine if these accounts are reportable (Refer to Diagrams 2 and 3 below).

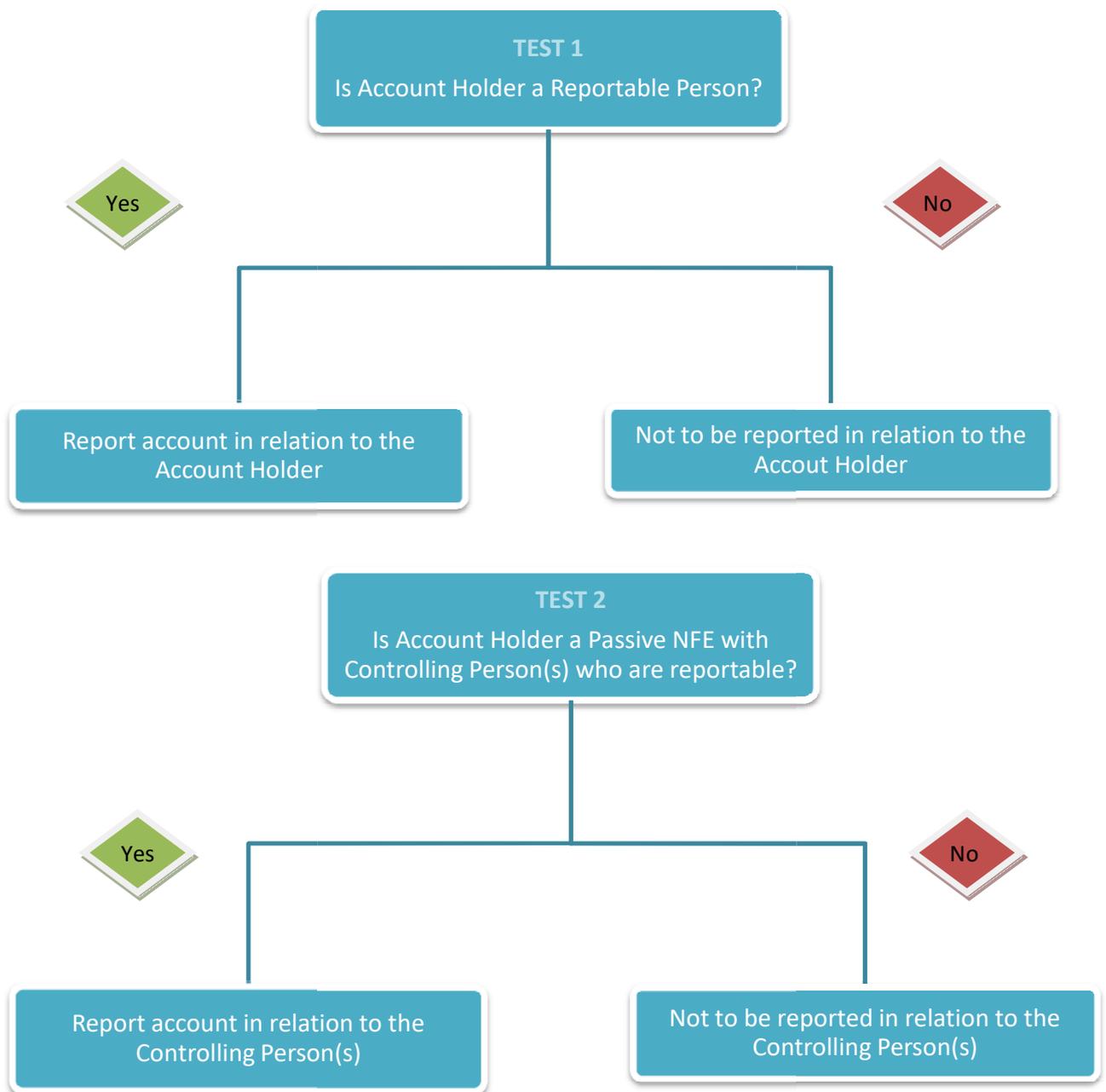
A reportable account is an account held by one or more reportable persons or by a passive NFE with one or more controlling persons who are reportable persons.

Diagram 2 Types of Accounts and Treatment



Refer to the glossary for a definition of the various types of accounts listed above.

Diagram 3 Determine if an Account is Reportable



Entities are only required to report on reportable accounts as indicated in the diagram 3 above.

7 REQUIRED INFORMATION

7.1 General Reporting Requirements:

1. For each reportable person that is an account holder or for entities with controlling persons who are reportable persons, the following are required:

- ✚ Name
- ✚ Address –In the case of a reportable individual account; the current residence address is to be reported. If this is not available the mailing address should be used. For reportable entity account; the address of the entity and the address of each controlling person that is reportable.
- ✚ Jurisdiction(s) of residence- If more than one jurisdiction of residence is identified for a person during the employment of due diligence procedures, then all the jurisdictions of residence should be reported.
- ✚ TIN-The taxpayer identification number (TIN) assigned by the **jurisdiction of residence** should be used.
- ✚ Date and place of birth (Place of birth is only needed if required under Domestic legislation)

(For each reportable person)

Notes:

- i) If the date of birth and TIN are not available in the first year that a pre existing account is deemed reportable, because this information was not required under domestic law, then the financial institution need not report it. However, reasonable efforts must be made to obtain this information by the second reporting year.*
- ii) TIN is not required if it is not issued by the reportable jurisdiction or if it is not a requirement under the domestic laws of the reportable jurisdiction.*
- iii) Place of birth is not required if it is not required under the domestic law of the reporting jurisdiction and is available in an electronic, searchable database.*
- iv) The TIN or date of birth must be reported if they are in the FI's records, whether or not they are required by law (Review page 103).*

- v) *If this information is required by law then reasonable efforts should be made to obtain it (mail, email, in-person etc).*
- vi) *A TIN is not required if it is not relevant to the reportable jurisdiction.*

Information regarding the issuance, collection and structure of TINs should be provided by each participating Jurisdiction.

2. Account Number (functional equivalent)- The identifying number assigned by the FI. Contract or policy numbers can be used as functional equivalents.
3. Name and Identification number of Reporting Financial Institution.

If there is no such number then the name and address of the entity should be used.
4. Account balance or value including cash surrender value of an annuity contract or insurance contract as of the end of the relevant calendar year or reporting period. (If the account is closed during that year this closure must be indicated).

7.1.1 Special Rules

Negative account balances are to be reported as Nil.

Currency in which information is denominated must be indicated. If the balances or values are denominated in a currency other than that of the participating jurisdiction, then the balances should be converted using the gazetted rate or the prevailing spot rate.

The value of equity interests is the value obtained by the method most frequently used by the FI.

The value of debt interest is the principal amount.

Liabilities and obligations should not be subtracted from these amounts.

7.1.2 Jointly Held Accounts

Each Holder of a jointly held account is attributed the full value of the account as well as all amounts credited to the account.

Table 2 Treatment of jointly held accounts

Each controlling person in a passive NFE is attributed the full balance or value of the account in addition to all payments and credits.

The entire balance or value, including all credits and payments of a jointly held account must be reported to each jurisdictions of residence where indicia are found.

When a passive NFE has controlling persons within more than one jurisdiction, the full balance or value of the account in addition to all payments and credits must be reported to each jurisdiction of residence.

The entire balance or value, including credits and payments must be reported for both the reportable passive NFE and the reportable controlling person(s).

7.1.3 Closed accounts

A reporting FI is not required to report the account balance or value of a closed account. However, the FI must report that the account has been closed.

An account will be considered closed in accordance with the normal operating procedures of the FI.

7.2 Custodial account

Total gross interest, dividends and other income generated by the asset which have been paid or credited to the account during the calendar year or reporting period.

7.3 Depository account

Total gross amount of interest or credits paid during calendar year or reporting period.

If the account is neither custodial nor depository, the total gross amount paid or credited during the calendar year or period.

8 DUE DILIGENCE REQUIREMENTS

An account is treated as reportable from the day it is identified as such. Information pertaining to such an account must be reported annually from the year following the year in which it was deemed reportable. An account is identified as reportable based on its status at **the end of a calendar year or reporting period**. When an account is deemed reportable, at the end of the relevant period, information pertaining to the account must be reported for that full calendar year or reporting period where it is identified as such.

The balance or values of accounts are determined as at the date of the calendar year or reporting period.

If a balance or value must meet a threshold then, the value will be determined as at the last reporting day for the period.

8.1 PRE EXISTING ACCOUNTS

8.1.1 Pre existing Individual Accounts

Table 3 Summary of Pre existing Individual Accounts

ACCOUNT TYPE	DESCRIPTION
Pre existing Individual Low value	Existed by December 31 st 2016 value, balance below 1,000,000
Pre existing Individual High Value	Existed by December 31 st 2016 value, balance above 1,000,000

8.1.1.1 Pre existing Individual Accounts Not Required to be Reviewed, Identified or Reported

Pre existing Cash Value or insurance annuity contracts provided that domestic law prevents the sale of these to residents of a reportable jurisdiction.

8.1.1.2 Pre existing Individual Low Value Accounts

Table 4 Due Diligence Procedures for Pre existing Low Value Accounts

1. **Residence Address Test-** FI may use the residence address on file (in care of or P.O. Box are not generally deemed residence on their own), provided that the residence is current and the residence address is based on documentary evidence. Current residence address must be corroborated by recent government authorised documentation; utility bill, or declaration under penalty of perjury. This can be used for dormant accounts as well.

2. **Electronic Record Search.** If documentary evidence above is not available, then the FI must review an electronically searchable database for the following in relation to a reportable jurisdiction:

- a) Identification of the Account Holder as a resident of;
- b) Current mailing or residence address in;
- c) Telephone numbers from;
- d) Standing instructions to transfer funds into an account maintained in;
- e) Current power of attorney or signatory authority granted to a person with an address within;
- f) A hold mail or in care of address within.

If no indicia are found then no further steps are required until there is a change in these circumstances or the account becomes a high value account.

3. If Indicia found in (a) to (e) above, then the FI must treat the client as resident for tax purposes.

4. If only (f) is discovered then a paper record search must be employed or the FI must try to obtain self certification from the Account Holder. If further information is not received, then the account is **reportable as an undocumented account. The account will maintain this status until further information is received.**

a) **Although indicia is found, an account holder is not to be treated as resident in a reportable jurisdiction if:**

The current mailing address or residence address is in the reportable jurisdiction; one or more telephone numbers are in the reportable jurisdiction (and no telephone number in the jurisdiction of the reporting FI); or standing order instructions (not for depository account) to transfer funds to an account maintained in a reportable jurisdiction.

And the FI has reviewed or maintained records of:

- A self certification that does not include the reportable jurisdiction and;
 - Documentary evidence establishes the Account Holder(s) non reportable status.
- b) The Account Holder information contains a current effective power of attorney or signatory authority granted with an address in a reportable jurisdiction. The FI has reviewed or maintained records of:
- A self certification that does not include the reportable jurisdiction or;

-
- Documentary evidence establishes the Account Holder(s) non reportable status

Self certification or documentary evidence may be relied upon unless the FI has reason to believe that the information is incorrect or unreliable.

8.1.1.3 Pre existing Individual High Accounts

Table 5 Due Diligence Procedures for Pre existing High Value Accounts

1. Electronic Record Search must be conducted.

2. Paper Record Search: **If electronic searchable records do not include all relevant information then this is required to find missing information. This includes a review of the customer master file and where necessary other documents, obtained within the previous 5 years, to search for indicia.**

Such documents include:

- Most recent documentary evidence;
- Most recent opening documents;
- Most recent AML/KYC documentation
- Power of attorney and signatory authorizations in effect and;
- Standing orders in effect (except for depository accounts).

3. Paper search is not required to the extent that the electronically searchable database contains: (only unavailable information should be sought)

- Account Holder residence status;
- Account Holder resident address;
- Account Holder(s) telephone number(s);
- Whether standing order instructions exist (other than to depository account);
- Whether there is a current in care of or hold mail;
- Whether there is a power of attorney or signatory authority.

4. If relationship manager has actual knowledge that the account holder is reportable then the account is reportable (*only high value accounts*).

5. If no indicia is discovered– no further action required until circumstances change

6. If Indicia is discovered then the account is treated as reportable for each reportable jurisdiction where indicia is found (unless the criteria in point 5 Table 4 are met)

7. If a 'hold mail' or 'in-care-of' addresses is found and no other indicia are found, the FI must request self certification from the account holder or obtain documentary evidence. **If further information cannot be obtained the account must be reported as an undocumented account.**

8. If a pre existing individual account was not a high value account but subsequently became a high value account, then the FI must complete the advanced review procedures for this account in the subsequent calendar year. If the account is identified as reportable, then the FI must report the account with respect to the year it is deemed reportable. (Until the account holder ceases to be a reportable person).

9. Enhanced review procedures do not need to be repeated unless the account is deemed undocumented. All undocumented account must continue to be reported until circumstances change.

10. An account is reportable to each reportable jurisdiction (unless the criteria on point 5 in Table 4 are met).

11. A reporting FI must have procedures in place to ensure that the relationship manager identifies all changes in the circumstances of an account. For example, the relationship manager should be notified when an account has a new mailing address in a reportable jurisdiction. A change in address is deemed a change in circumstances.

12. **Review of pre existing accounts must be completed by 31st December 2017 for High Value Accounts and 31st December 2018 for Low Value Accounts.**

13. An account should be reported until the account holder ceases to be a reportable person.

8.1.2 Pre existing Entity Accounts

8.1.2.1 Pre existing Entity Accounts Not Required to be Reviewed, Reported or Identified

A pre existing entity account with an aggregate account balance or value which does not exceed 250,000 USD as at December 31st 2016 is not required to be reviewed, reported or identified until the balance or value exceeds 250,000 USD as at the last day of any calendar year.

Table 6 Due Diligence of Pre existing Entity Accounts

1. Pre existing Entity Account with Balance/Value or **aggregate balance** which exceeds 250,000 USD

2. Only **accounts held by one or more entities** which are reportable persons or by **Passive NFEs with one or more controlling persons who are reportable** are deemed reportable accounts. This can be determined using the review procedures in 3 and 4 below.

3. Determine if the Entity is a Reportable Person:

- i. Review information maintained by FI to determine residence of Account Holder. This includes the place of incorporation or organization in a reportable jurisdiction; an address in a reportable jurisdiction such as registered address, principal office or place of effective management; or an address of one or more trustees of a trust in a reportable jurisdiction. (These should not be used in isolation).
- ii. If the Account Holder is in a reportable jurisdiction then, the account is treated as reportable unless self certification, or publically available information state otherwise. (FI should retain the information reviewed, date sourced, etc)

4. Determine if the Account Holder is a passive NFE with one or more controlling persons

- i. Obtain self certification of the Account Holder to establish status unless the FI has information showing that the entity is an Active NFE , or FI **[other than an Investment Entity such as described in Section VIII A. 6(b) of the standard which is not in a participating jurisdiction]**
- ii. Determine the controlling persons of an Account Holder (AML/KYC information may be used)
- iii. Determine if the controlling person is reportable. [AML/KYC information provided that the entity account or aggregate account balances or values do not exceed 1,000,000 USD. Self certification is required for account holder or controlling person or accounts with balances over 1,000,000 USD.]

See Diagram 2 and Appendix

The review of all entity accounts with an aggregate value or balance that exceeds 250,000 USD as at December 31st 2016 must be completed by December 31st 2017.

The review of all entity accounts with an aggregate value or balance that does not exceed 250,000 USD as at December 31st 2016, but exceeds 250,000 USD in a subsequent calendar year must be completed within the calendar year, following the year it exceeded said value.

When requesting a self certification, the FI should provide the account holder with sufficient information to assist in the determination of the entity's status.

If it is suspected or known that the original self certification is incorrect then the FI must repeat the procedures in Table 4 above. If the status of an entity cannot be determined then the entity should be treated as a passive NFE.

If it is suspected or known that the self certification or any other documentation associated with an account is incorrect then, the FI should take steps to obtain the information by the later of relevant calendar year (or relevant period); or within 90 days of the discovery. **Accounts must be reported if their status is not clarified.**

8.2 NEW ACCOUNTS

8.2.1 New Individual Accounts

Due diligence procedures for new individual accounts commenced from **1st January 2017**. Please note that the threshold of 250,000 USD does not apply here.

Table 7 Due Diligence for New Individual Accounts

Self certification must be presented when an account is being opened in order to determine an account holder's tax residence. AML /KYC documentation should also be used to determine the reasonableness of the information provided. *(Individuals with dual tax residence can rely on tiebreaker rules contained in tax conventions to determine residency).*

If an Account Holder is a resident of a reportable jurisdiction then the account is reportable and the account holder's TIN (where applicable) for the reporting jurisdiction and date of birth must also be obtained.

If a reporting FI has reason to believe that the original self certification is unreliable, inaccurate or that circumstances have changes then a valid self certification must be obtained.

Self certification for new individual accounts is only valid if it has been signed or positively affirmed by the account holder. *This certification may be in electronic format but its validity must be checked. Individual account holders must be able to furnish the FI with a hard copy of the document as well. An authorised representative may sign the self certification.*

An FI should put procedures in place to identify when circumstances have changed with respect to an account. The FI should also notify account holders of their obligation to inform the institution of such changes. An FI may rely on self certification unless it has reason to believe that changes have occurred.

8.2.2 New Entity Accounts

Table 8 Due Diligence New Entity Accounts

1. Determine if the Entity is a Reportable Person

- i. Obtain self certification [may form part of the opening documents]. Confirm the reasonableness of the documentation. If the entity is not tax resident in any jurisdiction then rely on the address of the principal office of the entity.
- ii. If the self certification reveals that Account Holder is tax resident in a reportable jurisdiction, then the account is reportable [unless publicly available information or other evidence proves otherwise].

2. Determine if the Entity is a Passive NFE with one or more controlling persons who are Reportable [if any of the controlling persons are reportable then the account is reportable]

- i. Account Holder must establish its status through self certification [unless self certification and/or publicly available information show that the entity is an Active NFE, or FI (**other than an Investment Entity which is not in a participating jurisdiction**)].
- ii. Determine the controlling person of an Account Holder (AML/KYC information may be used).
- iii. Determine if the controlling person is reportable (may rely on self certification). (If any controlling person in a passive NFE is reportable then its account is also reportable. Even if they belong to the same jurisdiction).

See Diagram 2 and Appendix

8.3 SPECIAL DUE DILIGENCE RULES

8.3.1 General

A reporting financial institution **may not rely on self certification or documentary evidence if it has reason to know that the information is inaccurate or unreliable.** (Once the claims made are questionable or conflicting).

Self certification is unreliable if it:

- Is incomplete;
- Contains inconsistent information;
- Conflicts with information on record.

Documentary Evidence is unreliable if:

- It does not identify the source of the information;
- It prevents evidence contrary to an individual's claims;
- The FI has contrary information on file;
- It lacks relevant information to substantiate claims made.

An FI may look at audited financial statements for evidence.

An FI does not know that information is unreliable or incorrect solely because:

- Of a change of address within the same jurisdiction or
- Additional indicia is discovered which contradicts the self certification or documentary evidence.

Timing

If an account is determined to be reportable at the end of a calendar year or reporting period, then it should be reported for that entire year.

Trusts

Reporting Financial Institutions should obtain and report information on the type of controlling persons within a trust. That is if the individual is a settlor, protector, beneficiary etc. This must be collected and reported for all new accounts.

8.3.2 Cash Value Insurance and Annuity Contracts

An FI may assume that an individual beneficiary of a Cash Value insurance or Annuity Contract receiving a death benefit is not a reportable person unless there is information proving otherwise. If the FI has knowledge that the beneficiary is a reportable person then the procedures in Table 4 should be followed.

8.3.3 Aggregation Rules

8.3.3.1 Individual Accounts

In order to determine the aggregate balance or value of financial accounts held by an individual all financial accounts should be aggregated (including those held by a related entity) but only to the extent that the reporting FI has a computerized system linked by a reference point (like a client number or TIN) which allows the balances or values to be aggregated.

8.3.3.2 Entity Accounts

In order to determine the aggregate balance or value of financial accounts held by an entity all financial accounts should be aggregated (including those held by a related entity) but only to the extent that the reporting FI a computerized system linked by a reference point (like a client number or TIN) which allows the balances or values to be aggregated.

8.3.4 Relationship Manager

All accounts that a relationship manager is aware of which are owned, controlled or established by the same person (whether directly or indirectly) must be aggregated in order to determine if a financial account is a high value account.

8.3.5 Currency Rule

The dollar amounts quoted in the standard are all in USD. However, the equivalent US dollar amount, as determined by domestic law, of any currency used, can be employed once the currency used is stated.

8.3.6 Look Through Provision

Entities are required to look behind entities to find the natural person exercising effective control. Usually at least 25% ownership in the entity is considered.

9 CONFIDENTIALITY

Data and information may only be shared in accordance with the relevant agreements. Information will not be provided or disclosed to unauthorised individuals.

Jurisdictions are not required to provide information which would not be in accordance with public policy in the reporting jurisdiction.

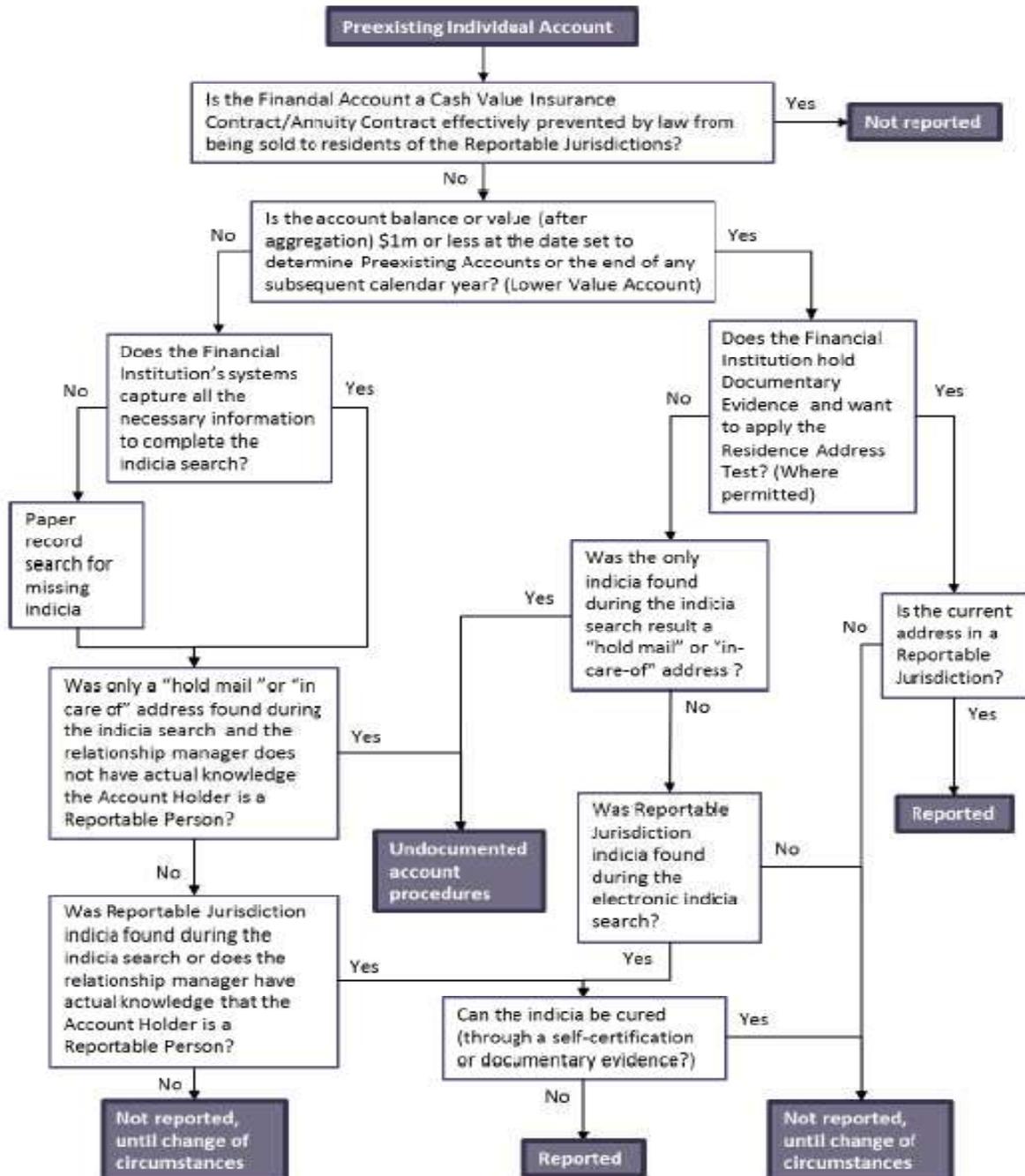
10 REFERENCES

Automatic Exchange of Financial Account Information Act No. 22 of 2016

OECD Publishing, *Standard for Automatic Exchange*, OECD

The CRS Implementation Handbook, OECD

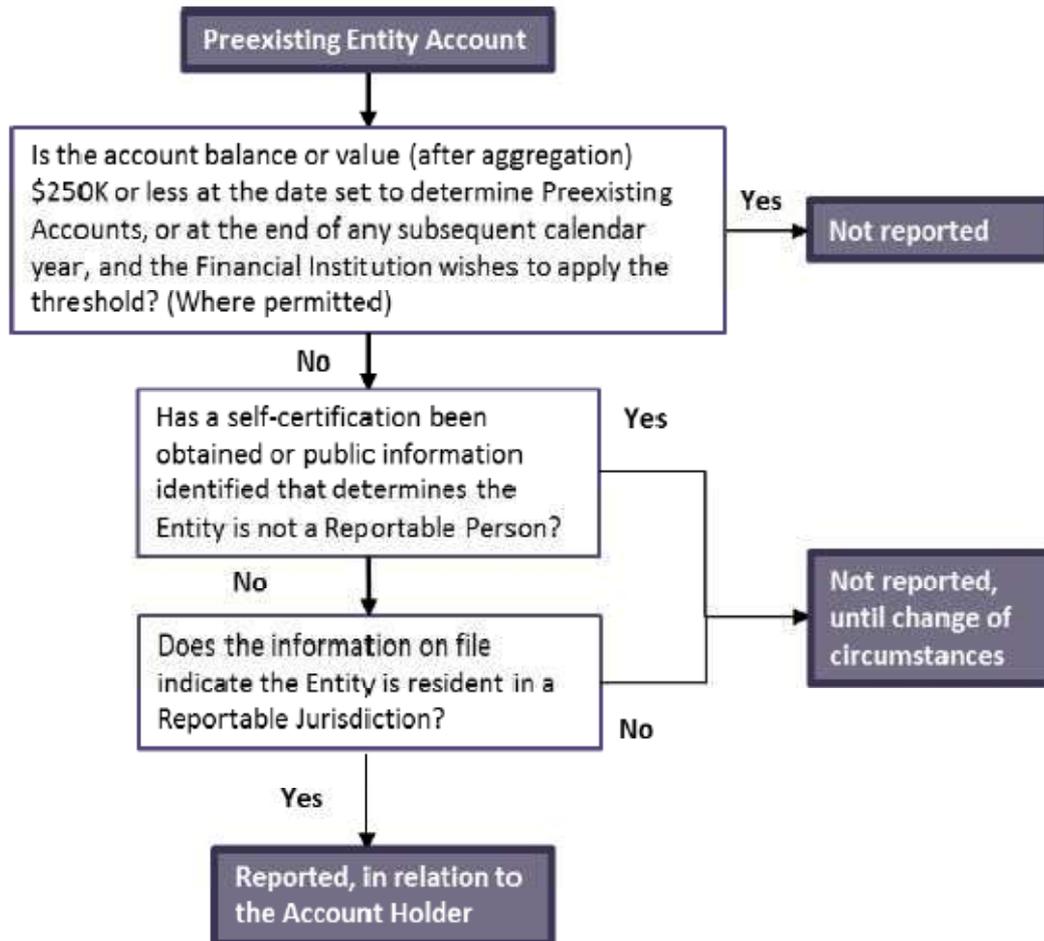
APPENDIX I Procedures for Pre-existing Individual Accounts



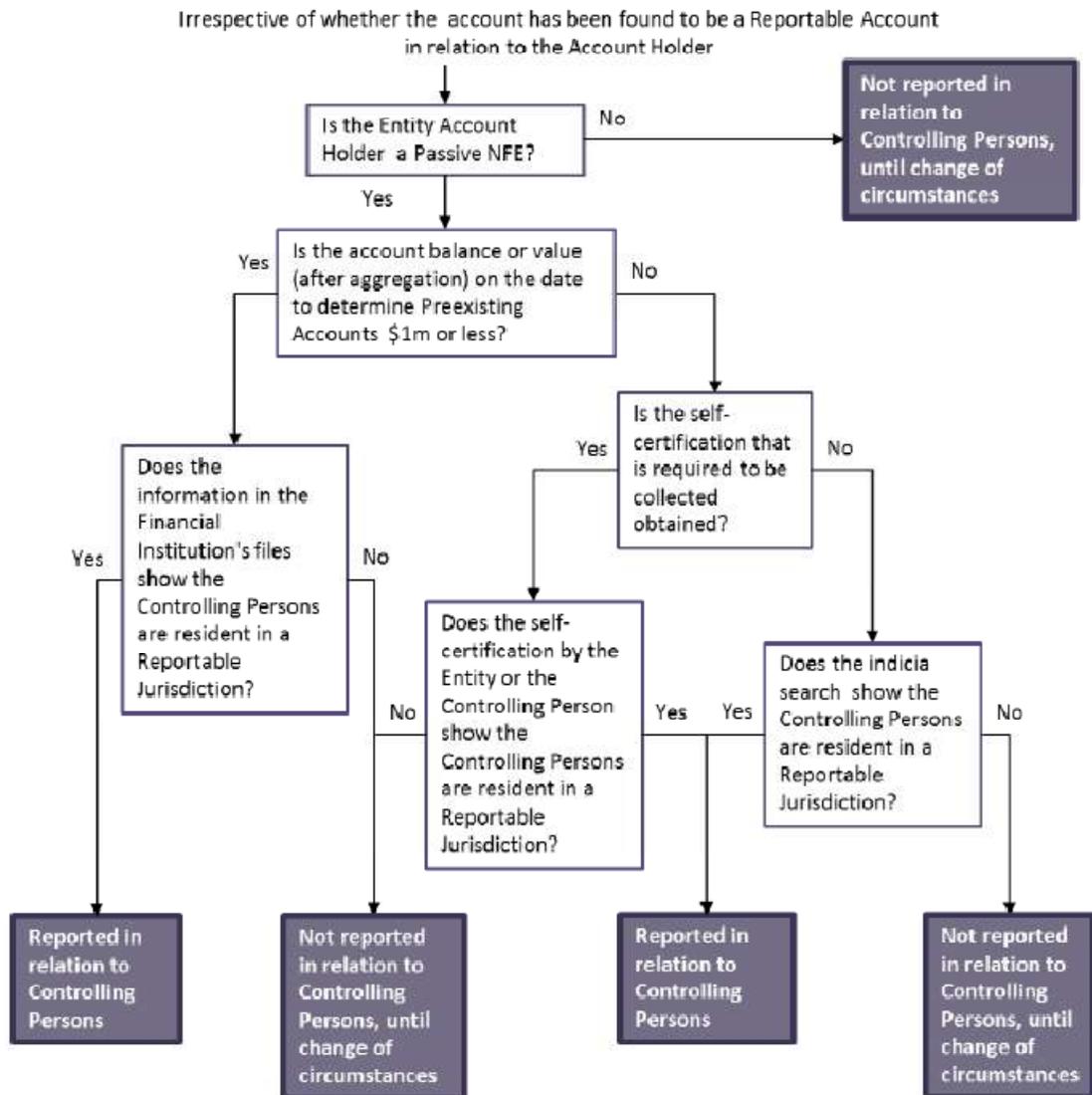
APPENDIX II Due Diligence Procedures New Individual Accounts



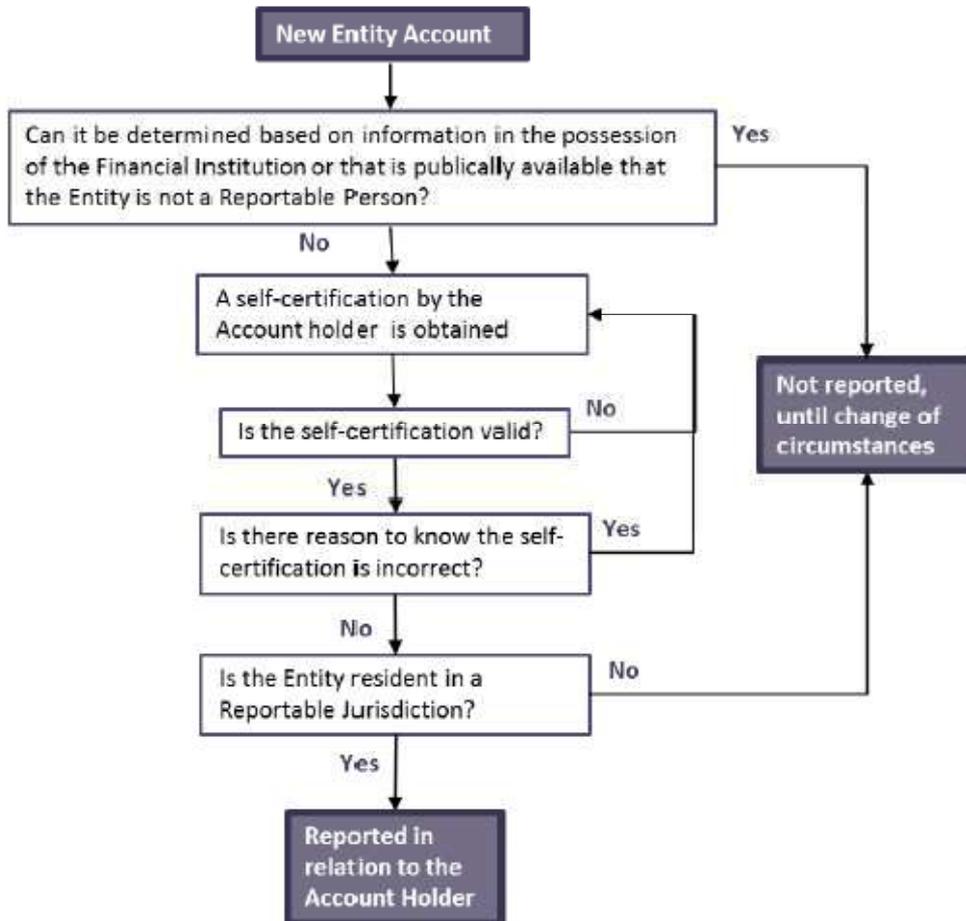
APPENDIX III Due Diligence Procedures Pre existing Entity Accounts



APPENDIX IV Due Diligence Procedures in Relation to Controlling Persons for Pre existing Accounts

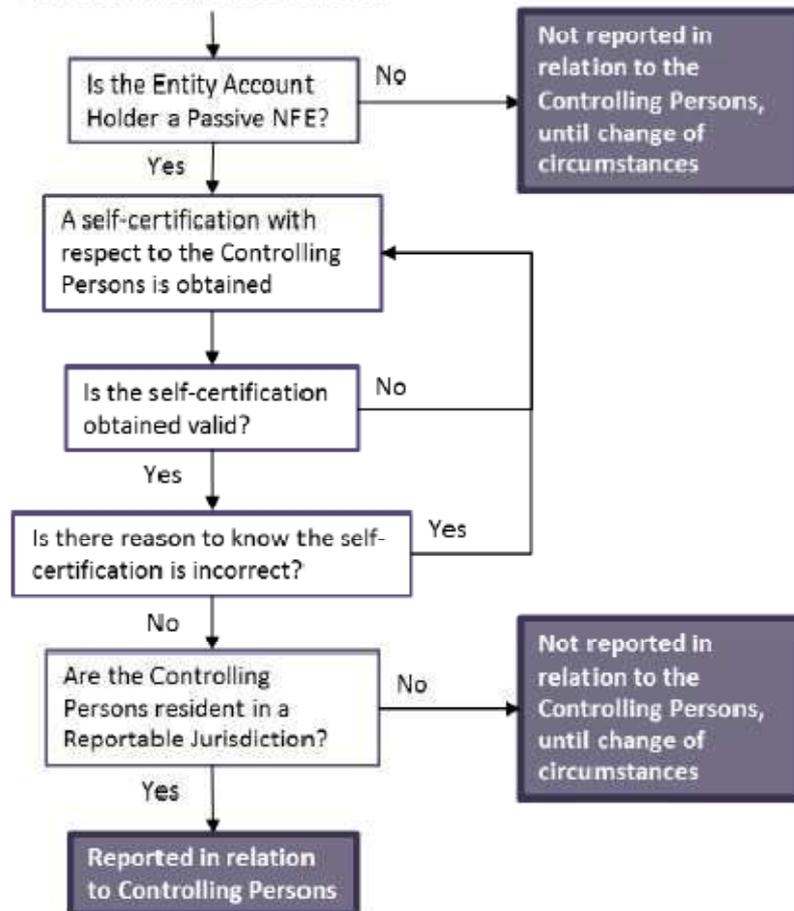


APPENDIX V Due Diligence New Entity Accounts



APPENDIX VI Due Diligence Procedures in Relation to Controlling Persons for New entity Accounts

Irrespective of whether the account has been found to be a Reportable Account in relation to the Account Holder



**APPENDIX VII Financial Activity to be reported in relation to a trust
which is a financial institution**

Account Holder	Account Balance or Value	Gross payments
Settlor:	<ul style="list-style-type: none"> Total value of all trust property 	<ul style="list-style-type: none"> Value of payments made to the settlor in reporting period (if any)
Beneficiary: mandatory	<ul style="list-style-type: none"> Total value of all trust property 	<ul style="list-style-type: none"> Value of distributions made to the beneficiary in reporting period
Beneficiary: discretionary (in a year in which a distribution is received)	<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Value of distributions made to the beneficiary in reporting period
Any other person exercising ultimate effective control	<ul style="list-style-type: none"> Total value of all trust property 	<ul style="list-style-type: none"> Value of distributions made to such person in reporting period (if any)
Debt interest holder	<ul style="list-style-type: none"> Principal amount of the debt 	<ul style="list-style-type: none"> Value of payments made in reporting period
Any of the above, if account was closed	<ul style="list-style-type: none"> The fact of closure 	

**APPENDIX VIII Financial Activity to be reported in relation to a trust
which is a Passive NFE**

Account Holder	Account Balance or Value	Gross payments
Settlor:	<ul style="list-style-type: none"> Total account balance or value 	<ul style="list-style-type: none"> Gross payments made or credited as per Section I.A of the CRS
Trustee	<ul style="list-style-type: none"> Total account balance or value 	<ul style="list-style-type: none"> Gross payments made or credited as per Section I.A of the CRS
Beneficiary: mandatory	<ul style="list-style-type: none"> Total account balance or value 	<ul style="list-style-type: none"> Gross payments made or credited as per Section I.A of the CRS
Beneficiary: discretionary (if option at [134] on page 199 is exercised)	<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Gross payments made or credited as per Section I.A of the CRS
Protector (if any)	<ul style="list-style-type: none"> Total account balance or value 	<ul style="list-style-type: none"> Gross payments made or credited as per Section I.A of the CRS
Any of the above, if account was closed	<ul style="list-style-type: none"> The fact of closure 	