

Factsheet

on the Common Reporting Standard (CRS)

Background

The Common Reporting Standard (CRS) is a uniform reporting standard initialized by the Organisation for Economic Co-operation and Development (OECD) which focuses on financial accounts of persons with foreign tax residence.

Its aim is to encourage tax compliance in cross-border cases by means of the automatic intergovernmental exchange of tax-relevant personal and account data.

An ever growing number of countries has undertaken to take part in this initiative, among them all member states of the European Union.

More than 50 nations, among them Germany, have started the implementation on January 1st, 2016.

CRS was implemented in Germany by the Law on the Automatic Exchange of Financial Account Information in Tax Matters (Finanzkonten-Informationsaustauschgesetz – FKAustG) which results in far-reaching identification and reporting requirements for German financial institutions.

Legal requirements applicable to financial institutions

Commerzbank, therefore, is legally obligated to request tax self-certifications from its clients and to ascertain their tax residences as well as tax identification numbers.

When opening a new account or custody account, Commerzbank is legally obliged to obtain tax information from the customer within 90 days of opening it. If this is not possible, the entire business relationship must be blocked.

This applies also to the beneficial owners of corporations as well as private companies respectively other private companies (controlling person of a legal entity).

The beneficial owner – on whose initiative the account is kept – is in terms of CRS regarded as account holder. In this context account holders might be natural persons as well as legal entities.

Subject to the determined foreign tax residence(s), financial institutions are required to report the personal, account and investment income data of these account holders to the Federal Central Tax Office on an annual basis.

The required data are reported electronically to the responsible foreign authorities under compliance with data protection and data security provisions. There is no tax withholding.

Decisive for tax residence in terms of CRS is the unlimited tax liability in a certain state according to the laws of this country. Concerning natural persons the crucial point usually is the place of residence or the main residence; in particular cases e.g. USA it might even be the citizenship. Concerning entities the crucial point usually is the place of foundation, the head office or the registered office of the management.

Within CRS, instances of deduction of tax at the source, e.g. closed-end funds or real estate property, you cannot assume there as general tax residence(s).

For more information, please visit:
www.commerzbank.de/crs