

CRS – Frequently Asked Questions

1. What is CRS and AEOI?

The Common Reporting Standard (CRS) is a regulation initiated by the OECD (The Organisation for Economic Co-operation and Development) for the Automatic Exchange of Information (AEOI) to help combat global tax evasion. Participating countries that implement AEOI send and receive pre-agreed information on their non-tax residents via their local tax authorities each year, without having to send a specific request.

2. What is the New Zealand legislation covering CRS?

The New Zealand Government has made international commitments to implement the CRS in full accordance with the CRS and the CRS Commentary. Therefore, both the CRS and the CRS Commentary have been directly incorporated into New Zealand law, subject to certain modifications set out in the Tax Administration Act 1994.

The New Zealand Government has enacted the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Act 2017. The New Zealand CRS Applied Standard based on the OECD's Common Standard on Reporting and Due Diligence for Financial Account Information.

3. Which countries are participating in the CRS?

A list of the countries participating in the CRS is available on the OECD Automatic Exchange of Information Portal.

4. Is everyone doing this?

All financial institutions in participating countries are required to be compliant with the CRS.

5. Who is reportable?

The CRS seeks to establish the tax residency of Account Holders. Under the CRS, Financial Institutions such as Craigs Investment Partners (CIP) are required to identify Account Holders who appear to be tax resident outside of New Zealand and report certain information to the Inland Revenue Department (IRD). The IRD may then share that information with the tax authority where the Account Holder is tax resident.

6. Why am I being asked to provide my country of tax residency?

Under the CRS, tax authorities require financial institutions such as CIP, to collect and report certain information relating to their Account Holder's tax residency(ies).

If you open a new account or change your circumstances in some way, we will ask you to certify a number of details. This process is called "self-certification" and we are required to collect this information under the CRS.

7. How is my country of tax residency defined?

Each country has its own rules for defining tax residence and this will depend on your circumstances and where you live. More information on how to determine your country of tax residency is available on the OECD Exchange Portal. Please contact your tax adviser if you require assistance with this as CIP cannot provide tax advice.

8. I live in the same country as I pay tax so why do I need to give you these details?

Under the CRS, CIP is legally required to establish the tax residency status of all our clients, even if you are tax resident in New Zealand. However, typically your details will not be reportable to the Inland Revenue for CRS purposes.

9. What information will I be asked to provide?

In line with the CRS requirements, we will be asking you for:

- Name
- Address
- Place of birth
- Date of birth
- Country of tax residence
- Taxpayer identification number(s) (TIN)
- Place of incorporation (for Entities)
- Entity Type (for Entities)
- Controlling Person Type for certain Entity Types (for Controlling Persons)

10. How often will I need to provide this information?

Once we have a valid self-certification on file, you will only be asked to complete another self-certification when you update certain information on your account or we believe your reportable status may have changed.

11. I have provided CIP with my details. Why am I required to provide supporting documents?

We might ask you for a certified copy of your passport to verify your identity or for some other evidence of your tax residency declared in your self-certification as we are required by law to verify the details you have provided as part of your self-certification.

12. Why is CIP providing tax authorities with my tax details?

CIP is required to report tax details, on non-NZ residents, under the legal obligations introduced by countries participating in the AEOI.

13. What information will be reported to the IRD?

Information reported to the IRD, for non-NZ tax residents, is information you have provided in the self-certification form, and details about the accounts you have with CIP, including:

- Account number
- Account balance or value
- Certain income and payment information.

14. What will happen if I do not provide the requested information or I wish to remain undocumented for CRS purposes?

CIP will be obliged to report your account information (such as account balances and financial income) to the IRD.

15. What happens if I provide incorrect / false information?

Penalties under the AEOI laws may apply if you provide false or misleading information, fail to provide this information, or fail to provide an update if there is a material change to the information you have provided.

16. When will CIP start collecting this information?

CIP will start collecting this information from 1 July 2017 and report to the IRD under CRS in 2018.

17. What is a TIN?

Taxation identification number (TIN) is a unique combination of letters or numbers assigned by a jurisdiction to an individual or an entity for tax administration purposes. In NZ your TIN is your IRD number.

18. What should I do if I don't have a TIN?

Most countries issue a TIN. If you do not have a TIN then you should apply for one according to the local regulations. If your country of tax residency does not issue a TIN then you must state this on the self-certification form. Further information on the specific TIN format for a jurisdiction can be found on the OECD Automatic Exchange of Information Portal.

19. What is a Passive Non-Financial Entity (NFE)?

An Entity (which is not a financial institution) is considered a passive NFE if:

- more than 50% of its income is passive or
- more than 50% of its assets are those that generate passive income.

Passive income includes dividends and interest, rent and royalties, capital gains/profits on the sale of assets/property that can produce passive income.

20. What is an Active Non-financial Entity (NFE)?

Active Non Financial Entities include, for example:

- A company with more than 50% of revenue derived from manufacturing and/or sale of goods and/or services and more than 50% of the assets attributable to business activities relating to the sale of goods and services.
- A publicly listed company or a related company (subsidiary/affiliate) of a listed company.
- Governmental entities, international organizations and companies owned exclusively by such entities.
- Central Banks.
- Foundations, non-profit organizations, registered religious communities.

21. What is a Financial Institution?

A financial institution is an Entity which is a depository institution (typically companies that manage depository accounts), custodial institutions (companies offering custodial accounts or similar to clients), an Investment Entity (typically an investment fund), or Specified Insurance Company (an Insurance Company that makes payments with respect to a Cash value Insurance Contract or an Annuity Contract).

22. Will CIP protect my data privacy?

CIP will respect your data privacy. We will only disclose your information to the IRD if we are legally required to do so.

23. Where can I find further information and advice?

Further information can be found on the OECD Automatic Exchange of Information Portal and the IRD website. Please refer to the rules governing tax residence that have been published by each national tax authority.