

جهاز الضرائب
TAX AUTHORITY



Common Reporting Standard (CRS)

Webinar

Oct 15, 2020

Supported by: **Deloitte.**

Speakers



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International and Local Laws



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Introductions



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Submission & Registration



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CRS Overview



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FAQs

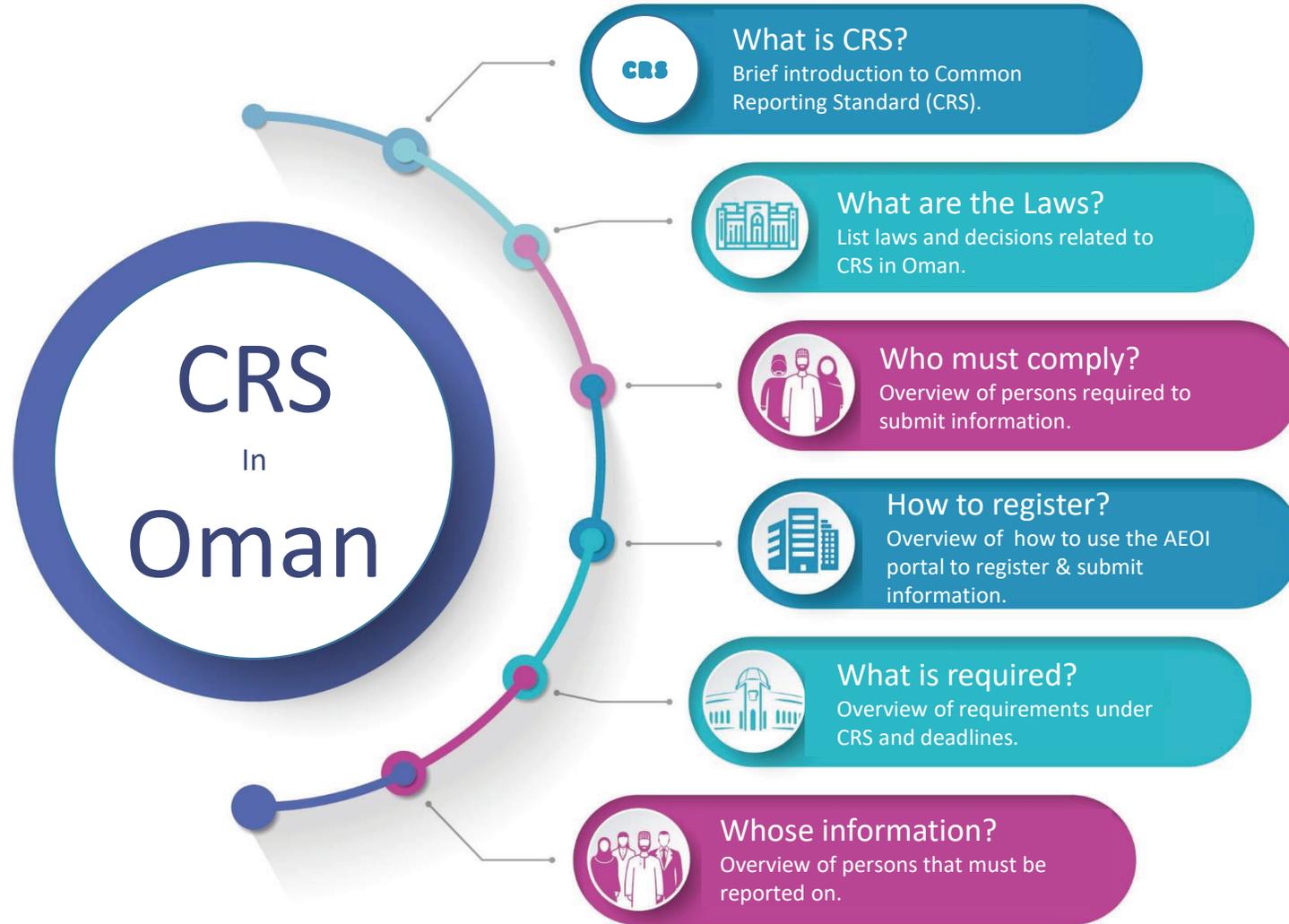


Hayley M Jones
Deloitte | Associate Director | Tax

CRS Overview



Objectives



CRS Legal Framework in Oman



(International Agreements)

The Global Forum on
*Transparency and Exchange
of Information for Tax
Purposes*

October - 2018

The Convention on Mutual
Administrative Assistance in
Tax Matters (The
Convention)

November - 2019

The Multilateral Competent
Authority Agreement on
Automatic Exchange of
Financial Account
Information (CRS MCAA)

November - 2019



CRS Legal Framework in Oman



(Local Legislation)

September 2020



Amending Some Provisions of the Income Tax Law, to allow for exchange of information, define Tax Residency and list penalties.

September 2020



Standards for Automatic Exchange of Financial Account Information (AEOI).

CRS Legal Framework in Oman



The following is considered a tax resident for the purposes of applying provisions of this Law:

1. The natural person residing in Oman during the tax year, if they are present for a period of not less than (183) one hundred and eighty-three continuous or interrupted days during the tax year.
2. A legal person residing in Oman during the tax year if they meet any of the following conditions:
 - a. They must have been established in Oman in accordance with the applicable laws and Royal Decrees.
 - b. Their actual place of management or headquarters shall be in Oman.

Introduction to CRS

Background – Tax Transparency

- The **Common Reporting Standard** (“CRS”) is an OECD initiative aimed at combatting **global tax evasion**.
- In recent years, the OECD has taken a lead role in coordinating with tax authorities across the world and developing strategies, regulations and guidelines for increasing global tax transparency.
- They have successfully done so by introducing ‘international’ regulations such as CRS, Base Erosion and Profit Shifting / Transfer Pricing (Country by Country Reporting), Economic Substance and many others.
- The goal of these initiatives is to:
 - Support countries to maintain the integrity of their tax systems;
 - Minimize tax avoidance;
 - Eliminate tax evasion; and
 - Ensure that taxpayers pay the right amount of tax to the right jurisdiction.

Introduction to CRS

CRS Overview

- Due to increased economic globalization – offshore banking has become much easier.
- The concern for tax authorities is that taxpayers are failing to comply with their local tax obligations and are **holding large amounts of untaxed money** outside their country of residence.
- The intent behind the law is for **Financial Institutions** (e.g. banks and investment firms) to report to their local tax administration details of the financial assets they hold on behalf of foreign tax payers.
- The local tax administration then exchanges that information with the respective foreign tax administration.



Omani based bank holds a depository account for a UK taxpayer



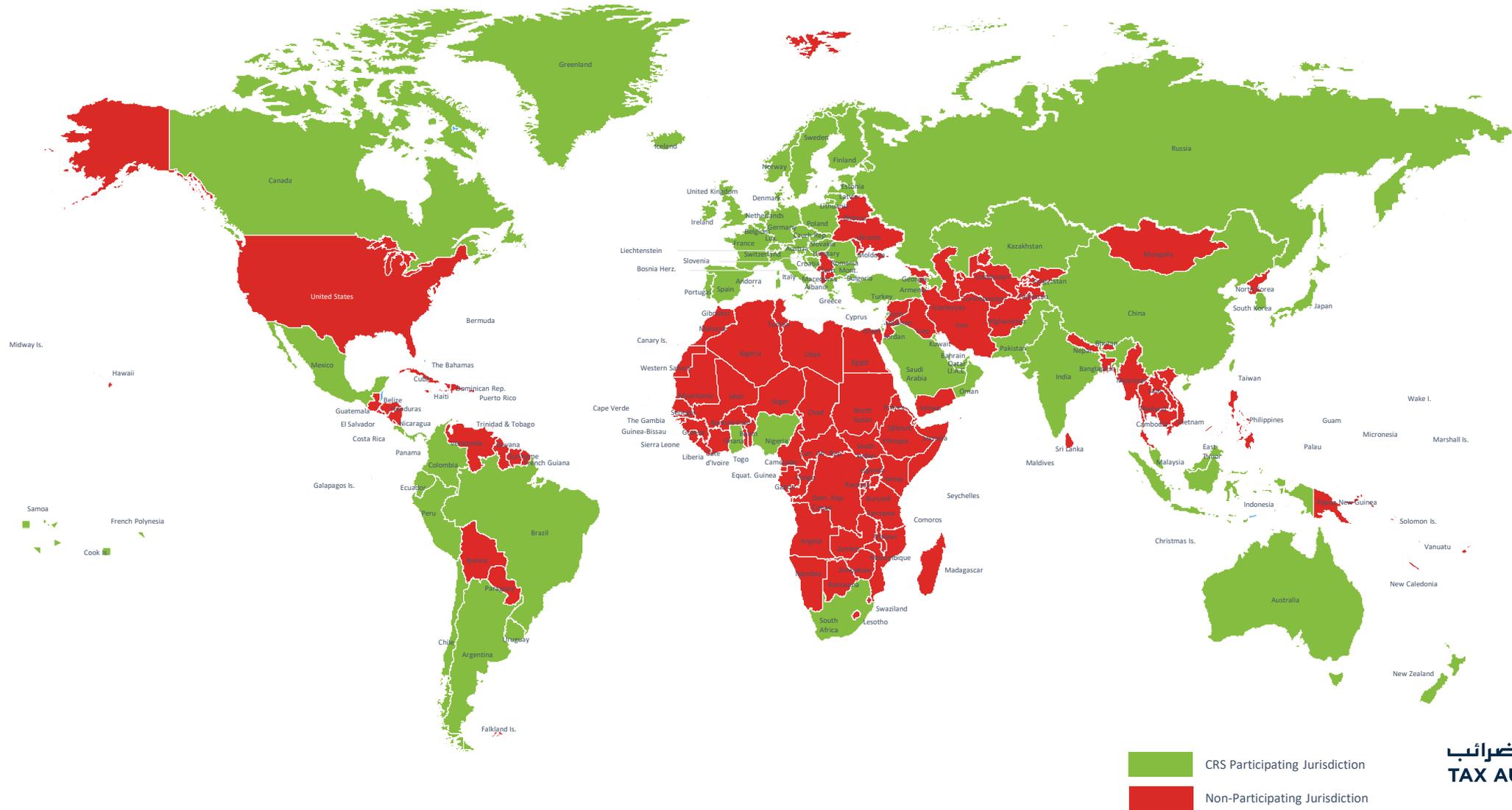
Omani bank is required to report that account information to the Oman Tax Authority



The Authorities in Oman send the information to the UK Tax Authority

Introduction to CRS

CRS Jurisdictions



Introduction to CRS

Interesting Facts

- As of October 2020, **106 countries** are part of the CRS global network and are exchanging financial account information with each other.
- Another 54 countries have officially committed to implement CRS within the next few years – making the total number of CRS participating jurisdictions at **160 countries** (out of 195 countries in the world).
- In 2018, information related to **47 million financial accounts that had a total combined value of over USD 5.5 trillion** was exchanged between tax authorities.
- The OECD estimated that so far the amount of tax revenue that CRS helped countries generate was over **USD 110 billion**.
- The IRS (US Tax Authorities) estimated that FATCA should generate **USD 8.7 billion** by 2020.

Introduction to CRS

Exchanges in the Region

Jurisdiction	Number of jurisdictions info sent to in 2018	Number of jurisdictions info sent to in 2019	Number of jurisdictions info received from in 2019
Bahrain	38	50	0 – Will it ever?
Kuwait	34	52	Expected this year
Lebanon	27	59	Expected this year
Qatar	9	49	Expected this year
Saudi Arabia	56	65	94
United Arab Emirates	43	53	0 – Will it ever?

Introduction to CRS

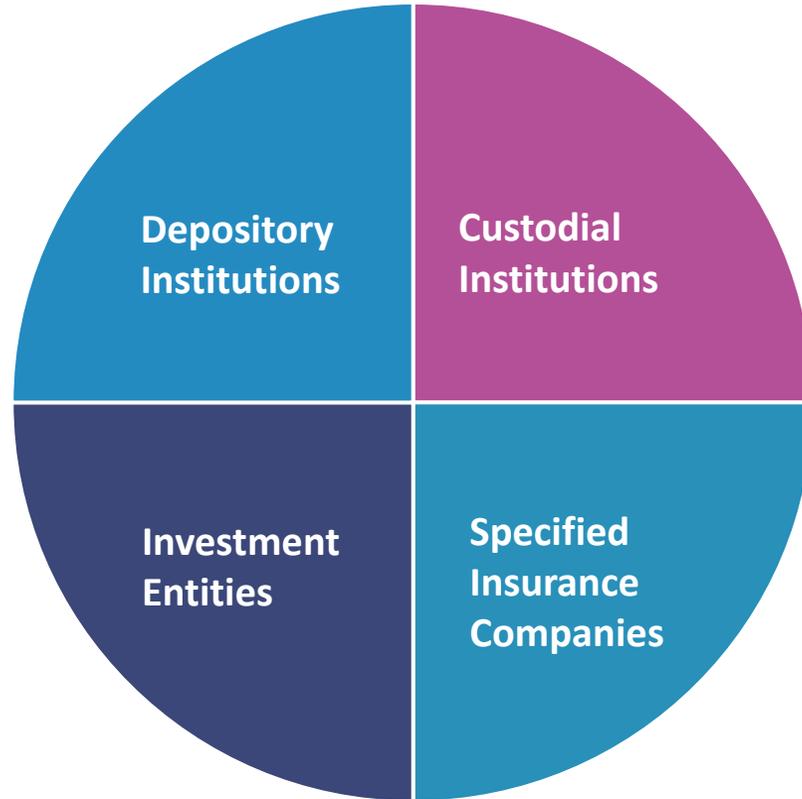
Agreements with Oman for 2020

Jurisdictions (32)		
Portugal	Greece	Poland
Sweden	Spain	Czech Republic
Denmark	Estonia	Slovak Republic
China	Italy	Romania
United Kingdom	Germany	Slovenia
Austria	Ireland	Singapore
India	Belgium	France
Japan	Bulgaria	Finland
Cyprus	Latvia	Lithuania
Croatia	Luxembourg	Malta
Hungary	Netherlands	

Who is obligated to comply?

Financial Institutions

- **Financial Institutions** are required to implement and comply with the CRS requirements.



- Generally, most of the entities that are regulated/licensed by the Central Bank of Oman (“CBO”) and the Capital Market Authority (“CMA”) in Oman.

What are the compliance requirements?

High Level Overview

- The primary objective under CRS is for Financial Institutions to **identify** if any of their account holders are reportable, and if so, to **report** the respective account information to the tax authorities.
- The main compliance requirements for Financial Institutions is as follows:
 - **Identify:**
 - **New Accounts:**
 - On-boarding new accounts in line with the regulations.
 - **Pre-existing Accounts:**
 - Making sure that pre-existing accounts have been correctly reviewed.
 - **Report:**
 - Reporting reportable accounts within the deadlines and in the specified format.
 - **Document:**
 - Establishing an internal governance framework/manual.

What are the compliance requirements?

New Accounts – Summary

- New Account means any customer on-boarded on or after 1 July 2019.

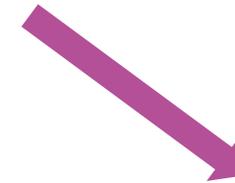
Individuals



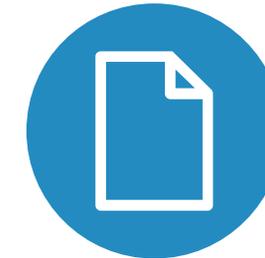
Goal

Objective is to identify:

- the **tax residency** of individuals



Method



Requesting a CRS self-certification upon customer on-boarding

Entities



Objective is to identify:

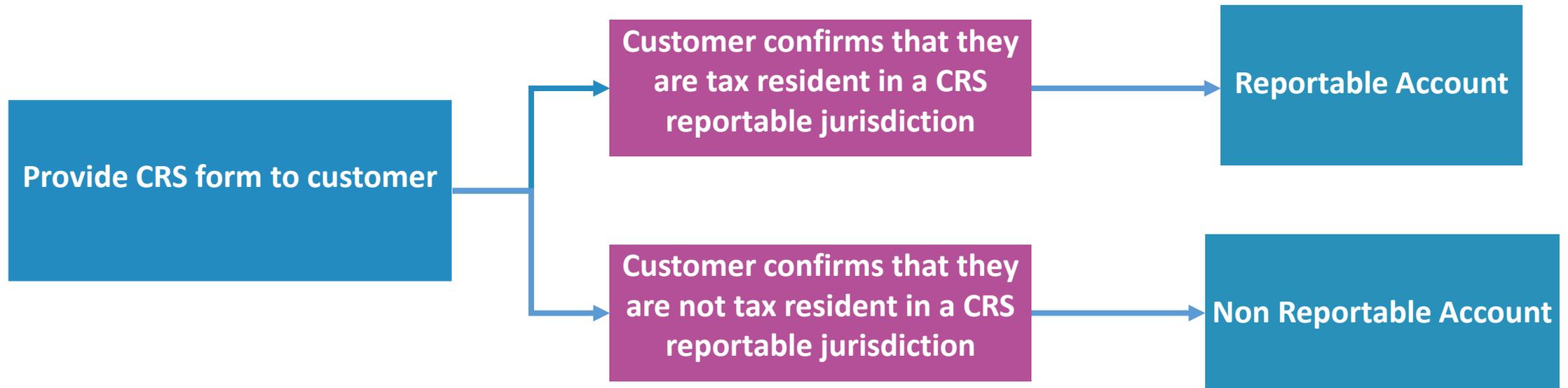
- the **tax residency** of entities; and
- the **CRS classification** of entities



What are the compliance requirements?

New Accounts – Individuals

- General process to identify if a new individual account is **reportable** is as follows:



What are the compliance requirements?

New Accounts – Individuals CRS Form

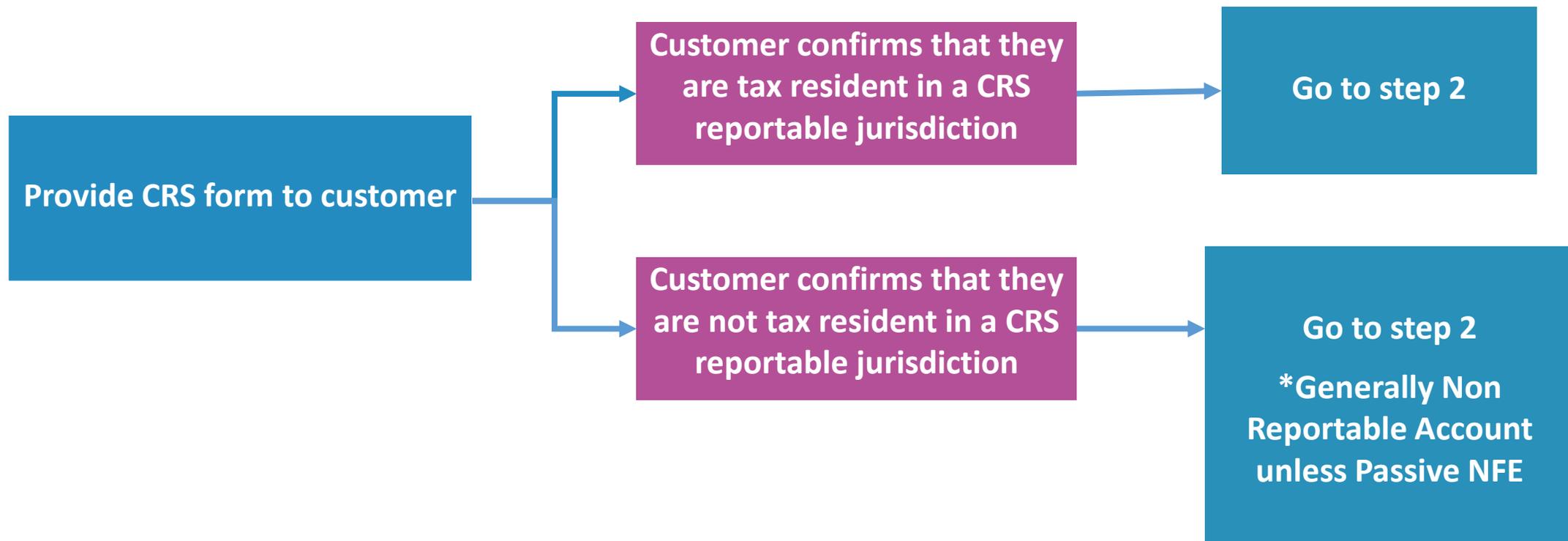
OECD CRS FORM – INDIVIDUALS

What are the compliance requirements?

New Accounts – Entities

- General process to identify if a new entity account is **reportable** is as follows:

Step 1: Determining Tax Residency

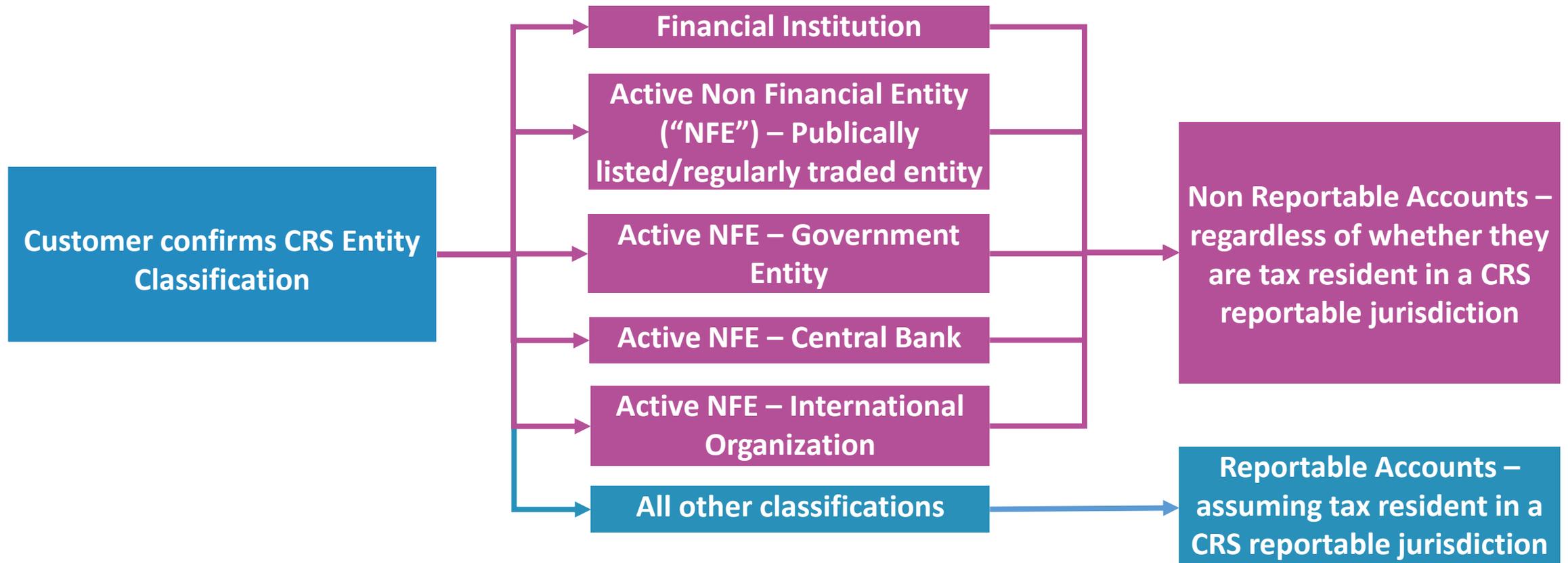


What are the compliance requirements?

New Accounts – Entities

- General process to identify if a new entity account is **reportable** is as follows:

Step 2: Determining CRS Entity Classification



What are the compliance requirements?

New Accounts – Entities CRS Form

OECD CRS FORM – ENTITIES

What are the compliance requirements?

Pre-existing Accounts – Summary

- Pre-existing Account means any customer on-boarded prior to 1 July 2019.

Individuals



Goal

Objective is to identify:

- the **tax residency** of individuals

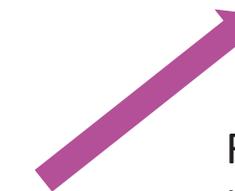
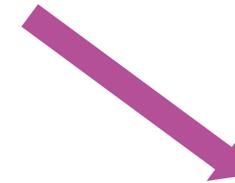
Entities



Objective is to identify:

- the **tax residency** of entities; and
- the **CRS classification** of entities

Method



Reviewing existing customer information as per the CRS guidelines

What are the compliance requirements?

Pre-existing Accounts – Low Value Individual Accounts

- The deadline for conducting the review/due diligence on pre-existing individual low value accounts (i.e. less than USD 1,000,000) is **31 December 2020**.
- The objective is to determine if any are treated as reportable.
- **Residence Address Test:**
 - Check existing files/records for **residence address**.
 - If address is in a CRS reportable jurisdiction then account treated as reportable.
 - If address is not in a CRS reportable jurisdiction (or in Oman) then account treated as non-reportable.
- **Electronic/Paper Record Search:**
 - If no address on file (which is highly unlikely) you will have to review existing files for **'indicia'/indicators** associating or linking that account holder to a CRS reportable jurisdiction.
 - Indicia includes mailing address, telephone number, POA, standing instructions.
- Please refer to the CRS regulations and implementation guidance for more specific and step by step details.

What are the compliance requirements?

Pre-existing Accounts – High Value Individual Accounts

- The deadline for conducting the review/due diligence on pre-existing individual high value accounts (i.e. more than USD 1,000,000) was **31 December 2019**.
- The objective is to determine if any are treated as reportable.
- **Electronic/Paper Record Search:**
 - Check existing files/records for **'indicia'/indicators** associating or linking that account holder to a CRS reportable jurisdiction.
 - Indicia includes residence address, mailing address, telephone number, POA, standing instructions.
 - If indicia links to a CRS reportable jurisdiction then account treated as reportable.
 - If indicia does not link to a CRS reportable jurisdiction (or in Oman) then account treated as non-reportable.
- **Relationship Manager Inquiry:**
 - In addition to the indicia search – must also request the Relationship Manager of that high value account if they have any actual knowledge that the account holder is a reportable person.
- Please refer to the CRS regulations and implementation guidance for more specific and step by step details.

What are the compliance requirements?

Pre-existing Accounts – Entities

- The deadline for conducting the review/due diligence on pre-existing entity accounts is **31 December 2020**.
- The objective is to determine if any are treated as reportable.
- **Option 1:**
 - Collect a CRS self-certification from all pre-existing entity account holders.
- **Option 2:**
 - Based on existing information on file (AML/KYC) **determine the address** of the entity / place of incorporation.
 - If the information on file indicates that the entity account holder is **resident in a CRS reportable jurisdiction**, then must treat the account as **reportable**.
 - Unless:
 - It obtains a CRS self-certification from the account holder to confirm otherwise; or
 - Reasonably determines based on information in its possession or that is publically available that the account holder is not a reportable person (i.e. falls under one of the exemptions such as publically listed Active NFE).
- Please refer to the CRS regulations and implementation guidance for more specific and step by step details.

What information must be submitted?

Who do you report?

1. **Individuals** tax resident in a CRS reportable jurisdiction;
2. **Entities** that are tax resident in a CRS reportable jurisdiction – assuming they are not exempt*; and
3. **Controlling Persons of Passive NFEs** – if they are tax resident in a CRS reportable jurisdiction.

* The following types of entities are exempt (i.e. will not be reported regardless of tax residency):

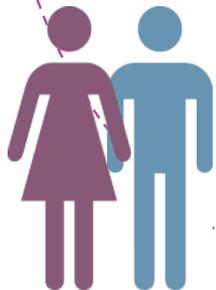
- Publicly traded corporation or related entity;
- Governmental Entity;
- International Organization;
- Central Bank; or
- Financial Institution.

What information must be submitted?

What do you report?

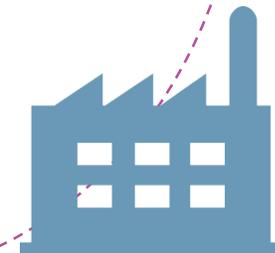
Individual Information

- Name
- Address
- Jurisdiction of tax residency
- Tax Identification Number (“TIN”)
- Date and place of birth
- Account number
- Account balance or value
- Additional financial account information (e.g. interest, dividends)



Entity Information

- Name
- Address
- Jurisdiction of tax residency
- TIN
- Account number
- Account balance or value
- Additional financial account information (e.g. interest, dividends)



What information must be submitted?

Reportable Jurisdictions

Jurisdictions (32)		
Portugal	Greece	Poland
Sweden	Spain	Czech Republic
Denmark	Estonia	Slovak Republic
China	Italy	Romania
United Kingdom	Germany	Slovenia
Austria	Ireland	Singapore
India	Belgium	France
Japan	Bulgaria	Finland
Cyprus	Latvia	Lithuania
Croatia	Luxembourg	Malta
Hungary	Netherlands	



When to submit?

Important Timelines

- As per local regulations, the date for Financial Institutions in Oman to start implementing CRS was on **1 July 2019**.
- The following table highlights the most significant dates for CRS purposes:

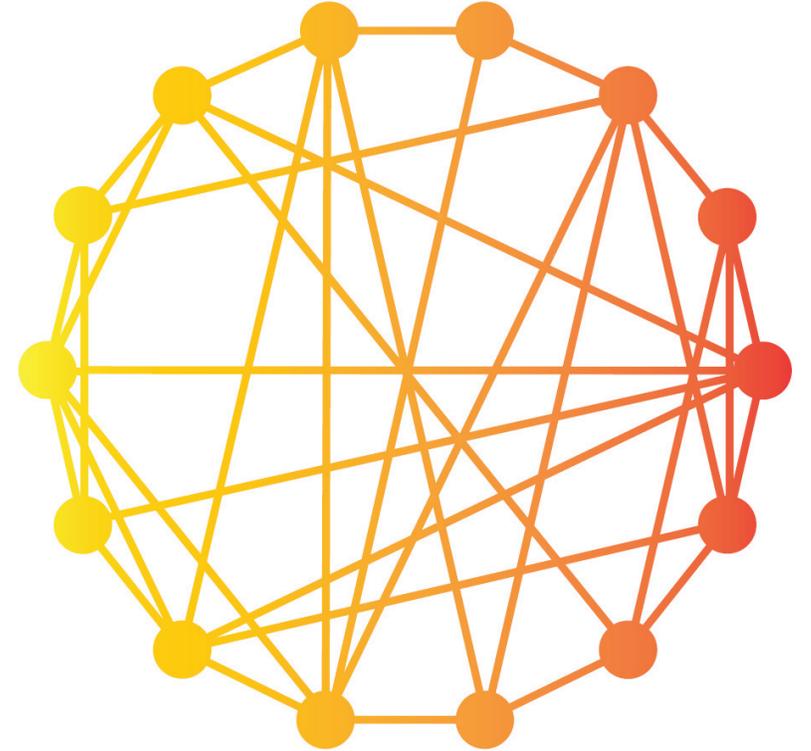
	Requirement	Deadline
New Accounts	On-board new accounts in line with CRS requirements	1 July 2019
Pre-existing Accounts	Review high value pre-existing individual accounts	31 December 2019
	Review low value pre-existing individual accounts	31 December 2020
	Review pre-existing entity accounts	31 December 2020
Reporting	Report reportable accounts	31 May (annually)

- However for this year the reporting deadline in Oman is **31 October 2020**.

Submission and registration procedure?

VIZOR™

The Awareness Seminar on the Uses of the Automatic Exchange of Information “AEOI” Portal on



Alan Joyce, Training Specialist

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FAQ's



Contact Us



If you have any CRS related queries, please get in touch with us via the following email ID:

aeoi@taxoman.gov.om

