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Common Reporting Standard

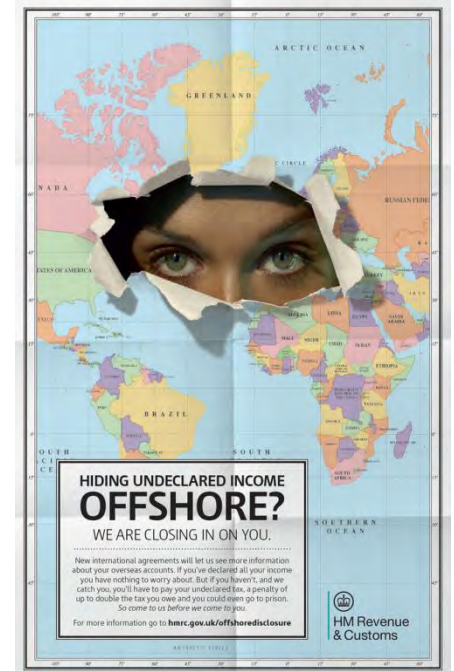
Singapore
September 2016

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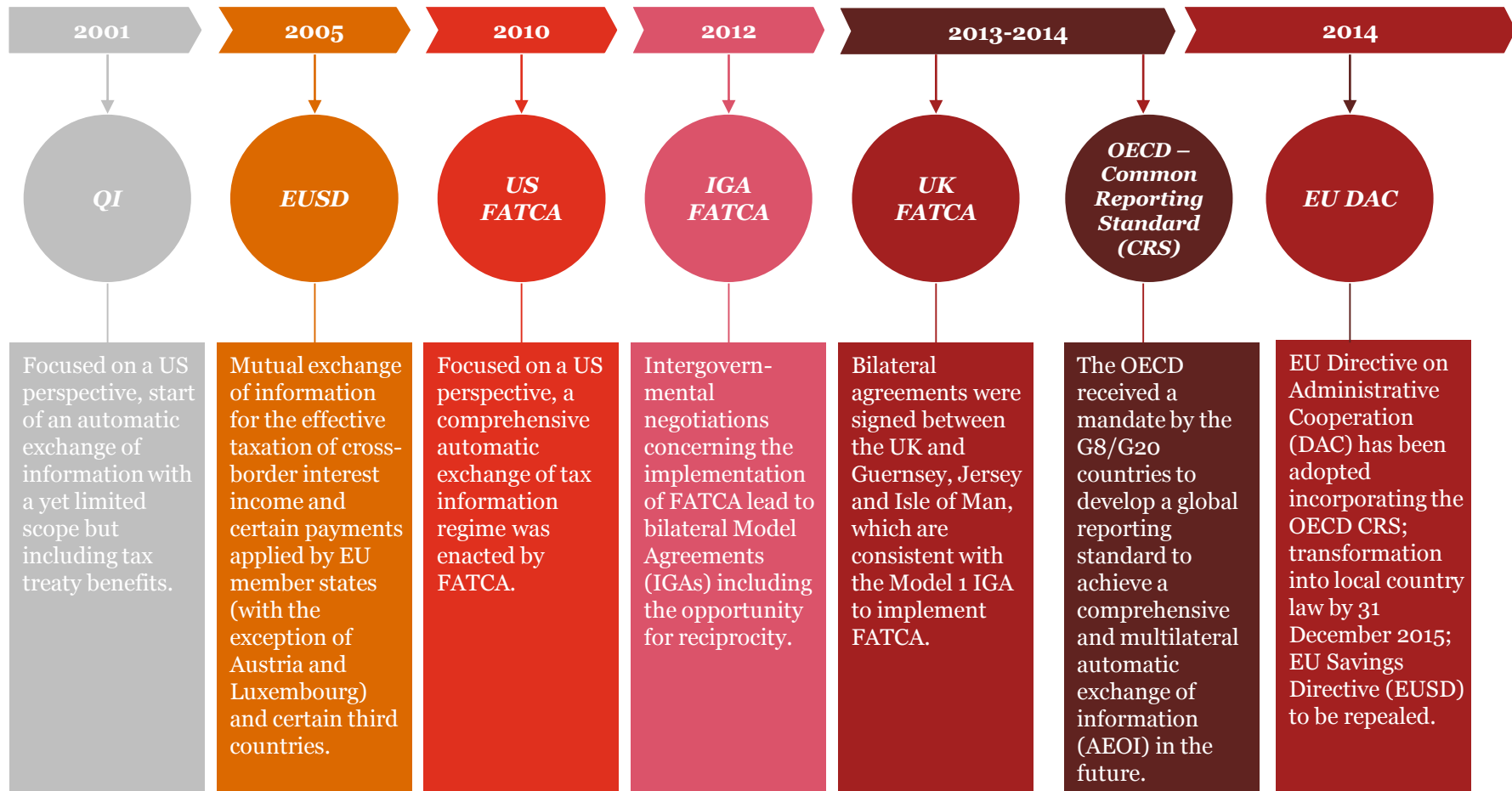
1. Setting the scene

Asset management in the spotlight

FATCA



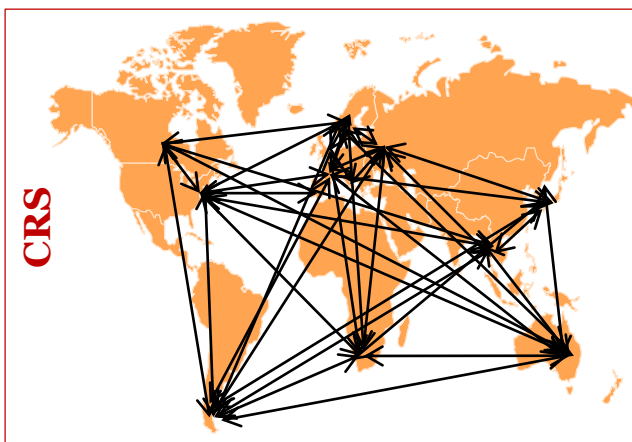
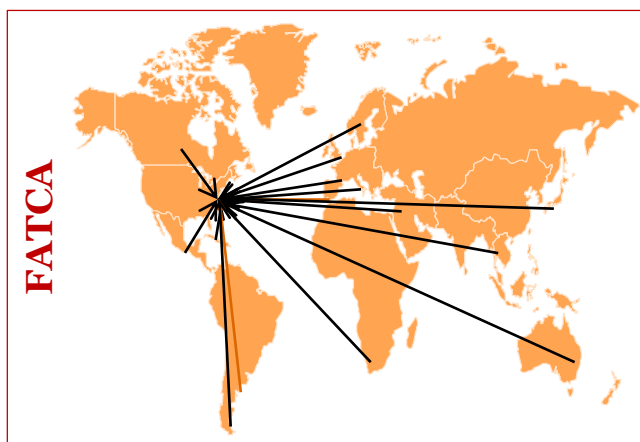
CRS is the next wave of increasing global standards on Tax Information Reporting



Which countries and when? CRS and IGA status across jurisdictions

	CRS Early Adopters (Signatories) <ul style="list-style-type: none"> ➢ New Procedures 2016 ➢ Reporting 2017 	CRS Signatories <ul style="list-style-type: none"> ➢ New Procedures 2017 ➢ Reporting 2018 	CRS Committed <ul style="list-style-type: none"> ➢ New Procedures 2017 ➢ Reporting 2018 	Non-CRS
Signed IGA	<ul style="list-style-type: none"> • Barbados • Belgium • Bermuda • British Virgin Islands • Bulgaria • Cayman Islands • Colombia • Croatia • Curaçao • Cyprus • Czech Republic • Denmark • Estonia • Finland • France • Germany • Gibraltar • Guernsey • Hungary • Iceland • India • Ireland • Isle of Man • Italy • Jersey • Latvia • Liechtenstein • Lithuania • Luxembourg • Malta • Mexico • Montserrat • Netherlands • Norway • Poland • Portugal • Romania • San Marino • Slovak Republic • Slovenia • South Africa • South Korea • Spain • Sweden • Trinidad and Tobago • Turks and Caicos Islands • United Kingdom 	<ul style="list-style-type: none"> • Australia • Austria • Canada • Chile • Costa Rica • Israel • Japan • Kuwait • Mauritius • Nauru • New Zealand • Saint Kitts and Nevis • Saint Lucia • Saint Vincent and Grenadines • Switzerland 	<ul style="list-style-type: none"> • Bahamas • Brazil • Hong Kong • Lebanon • Panama • Qatar • Singapore • Turkey • United Arab Emirates • Vanuatu 	<ul style="list-style-type: none"> • Algeria • Angola • Azerbaijan • Belarus • Cambodia • Georgia • Holy See • Honduras • Jamaica • Kosovo • Moldova • Philippines • Thailand • Uzbekistan • Vietnam
Agreed in Substance IGA	<ul style="list-style-type: none"> • Anguilla • Greece • Greenland • Seychelles 	<ul style="list-style-type: none"> • Antigua and Barbuda • China • Grenada • Indonesia • Malaysia 	<ul style="list-style-type: none"> • Bahrain • Dominica • Macao • Saudi Arabia 	<ul style="list-style-type: none"> • Armenia • Cabo Verde • Dominican Republic • Guyana • Haiti • Iraq • Kazakhstan • Montenegro • Nicaragua • Paraguay • Peru • Serbia • Taiwan • Tunisia • Turkmenistan • Ukraine
Non-IGA	<ul style="list-style-type: none"> • Argentina • Faroe Islands • Niue 	<ul style="list-style-type: none"> • Albania • Andorra • Aruba • Belize • Cook Islands • Ghana • Monaco • Marshall Islands • Russia • Samoa • Sint Maarten 	<ul style="list-style-type: none"> • Brunei • Uruguay 	<p><i>(All other countries)</i></p>

As a consequence of the multilateral reporting requirement the CRS has an increased complexity compared to FATCA



FATCA only bilaterally takes into account the interests of the USA, the CRS in contrary, the multilateral interests of more than 100 jurisdictions; besides, specific and potentially deviating local requirements of the participating jurisdictions may raise further complexity.

Word on the street

What Singapore guidance do we have?

Practically, what does this essentially mean to asset managers?

Singapore wont sign a bilateral treaty with Indonesia or China anytime soon will it?

Will Singapore deviate from the OECD proposals?

It's just a minor extra step on top of FATCA isn't it?

What system changes are required?

How will IRAS administer CRS?
Will there be concessions?

Who's responsibility is it to deal with this?

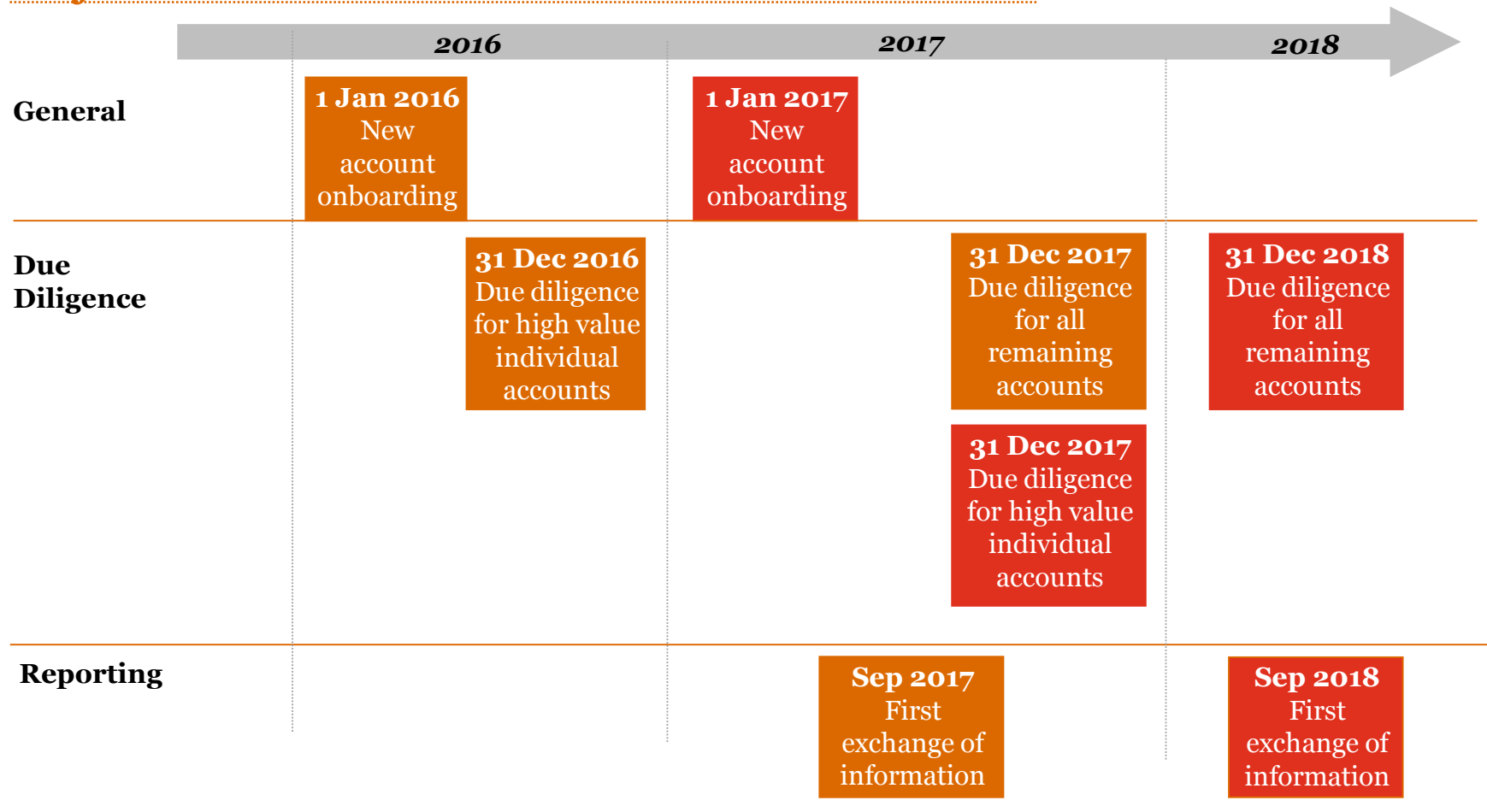
The US is now a tax haven isn't it?

Asset managers (and investors) have FATCA fatigue

2. The details of CRS and how it compares to FATCA for asset managers

CRS requires an approach that is compliant, but minimizes investor impact

Projected Timeline



1st wave

2nd wave

CRS requirements are leveraged from FATCA core components

Scope & Governance

- Though the definition of a Financial Institution is broadly unchanged, local deviations may apply
- Certain FIs exempted under FATCA (e.g. local FIs) are expected to be in scope
- Passive NFFE definition widened to certain Investment Entities
- No Responsible Officer concept foreseen
- Usage of GIIN possible
- Tax authority approach to compliance yet to be determined

Withholding

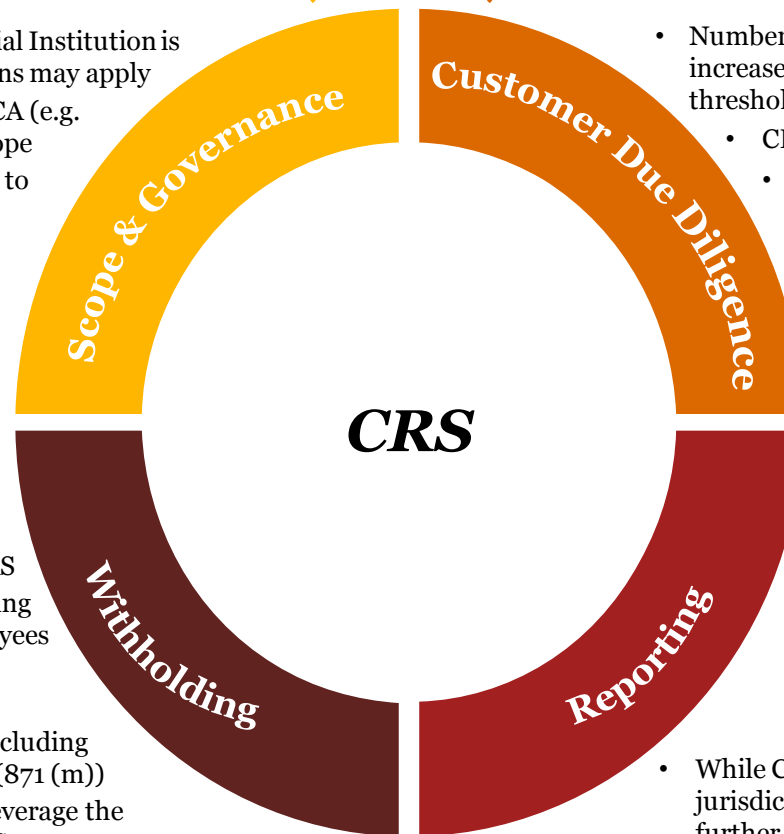
- There is no withholding under CRS
- No payee concept foreseen requiring a detailed analysis of products/payees
- Concept of non-participating institutions does not exist
- No interaction to the QI regime including "Dividend Equivalent Payments" (871 (m))
- The OECD TRACE concept may leverage the information exchanged under CRS

Customer Due Diligence

- Number of clients to be reviewed substantially increases (e.g. due to deletion of de minimis thresholds for individual clients)
 - CRS focuses on tax residency, not citizenship
 - Various due diligence procedures for pre-existing and new accounts exist; existing AML/KYC procedures may be used
 - "Simplification" of indicia test
 - New concept of "undocumented accounts" and revival of "dormant accounts"
 - Requirement of "Reasonable Efforts"

Reporting

- FIs should report to local authorities, who will exchange the data with partner jurisdictions
- Reporting is expected to be based on FATCA data schema and elements, however, attributes may vary
- While CRS sets out data elements to be reported, jurisdictions may take the opportunity to request further information



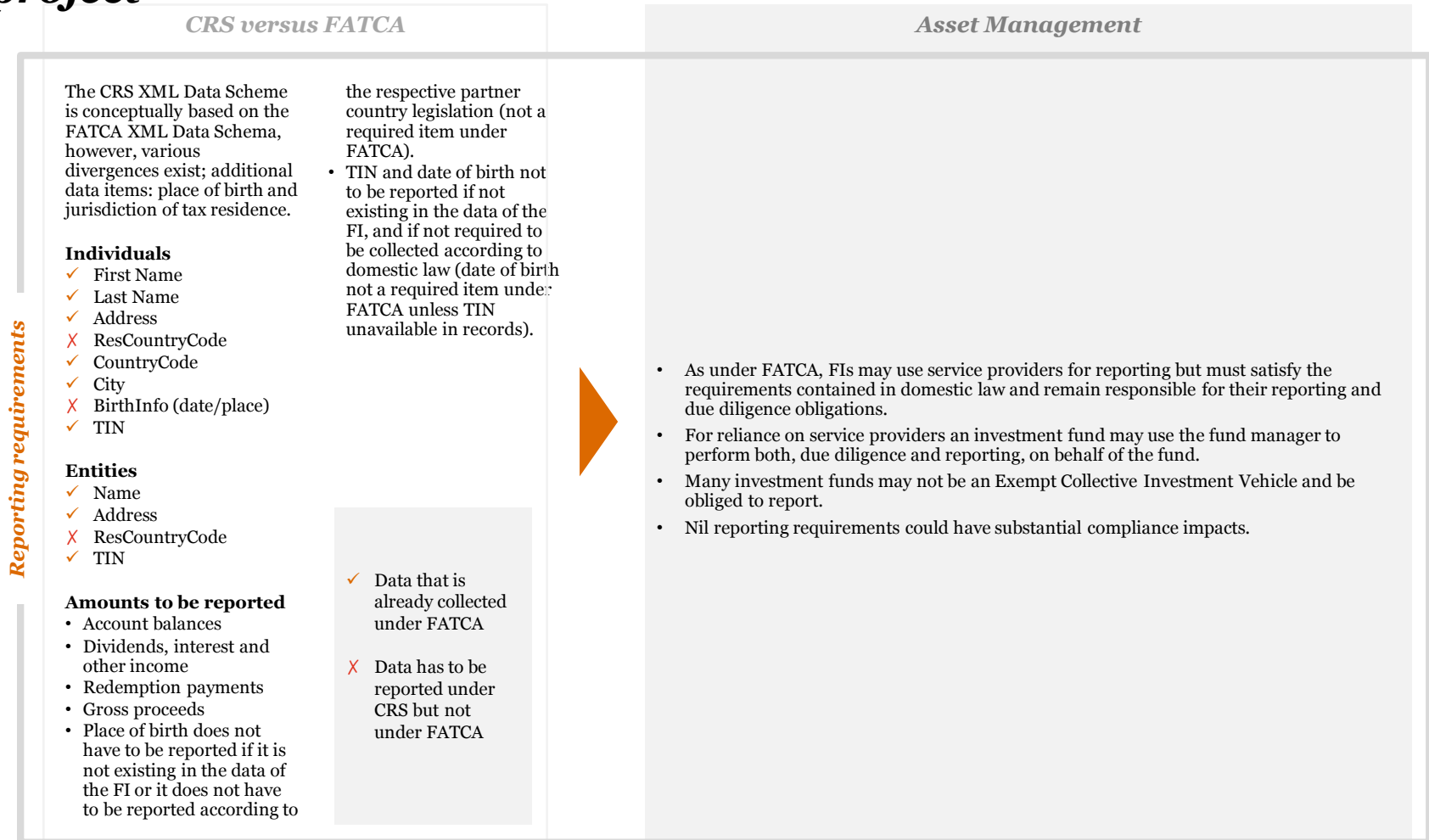
Scoping: Deviating definitions and exclusions for financial institutions and financial accounts cause operational complexity

	CRS versus FATCA	Asset Management
Legal entity classification	<ul style="list-style-type: none"> • Identical definition of Custodial Institution, however, the CRS and EUDAC explicitly define the term Financial Asset while the IGAs do not. • Treasury Center and Holding Companies is an FI category in Final Regulations but also assumed to be FIs in guidance of some IGA countries. • CRS and EUDAC definition of Investment Entity is aligned to Final Regulations' definition; IGA wording differs (no explicit 'primarily-test'). • Less explicit exclusions for FIs, no sponsoring concept. Exclusion for low-risk entities according to certain requirements and local legislation. 	<ul style="list-style-type: none"> • FATCA-related classification of funds and other investment entities in certain jurisdictions has to be modified, e.g. Annex II of the Model 1 IGA excluded only certain investment vehicles. CRS now exempts collective investment vehicles whose interests are held by FIs. • Exemption for "Investment Advisors and Investment Managers" under some IGAs is not present in CRS, so entities with those classification need to be reviewed.
Product classification	<ul style="list-style-type: none"> • The \$50K threshold included in the definition of certain products under FATCA has been removed for CRS. • CRS and EUDAC definitions of a Financial Account do not exempt certain debt and equity interests of investment entities and other FIs (removal of the 'regularly traded on an established securities market' exemption). • Exclusions for low-risk products according to certain requirements and local legislation • Under the CRS certain depository accounts do not create a financial account if the relating requirements are met. 	<ul style="list-style-type: none"> • Unlike FATCA Final Regulations certain real estate investments and direct investments into real property are excluded from the financial assets concept. IGAs do not define the term, i.e. deviating local guidance possible.

Customer review: The impact compared to FATCA is substantial... alignment with AML/KYC key to raise synergies with implementation

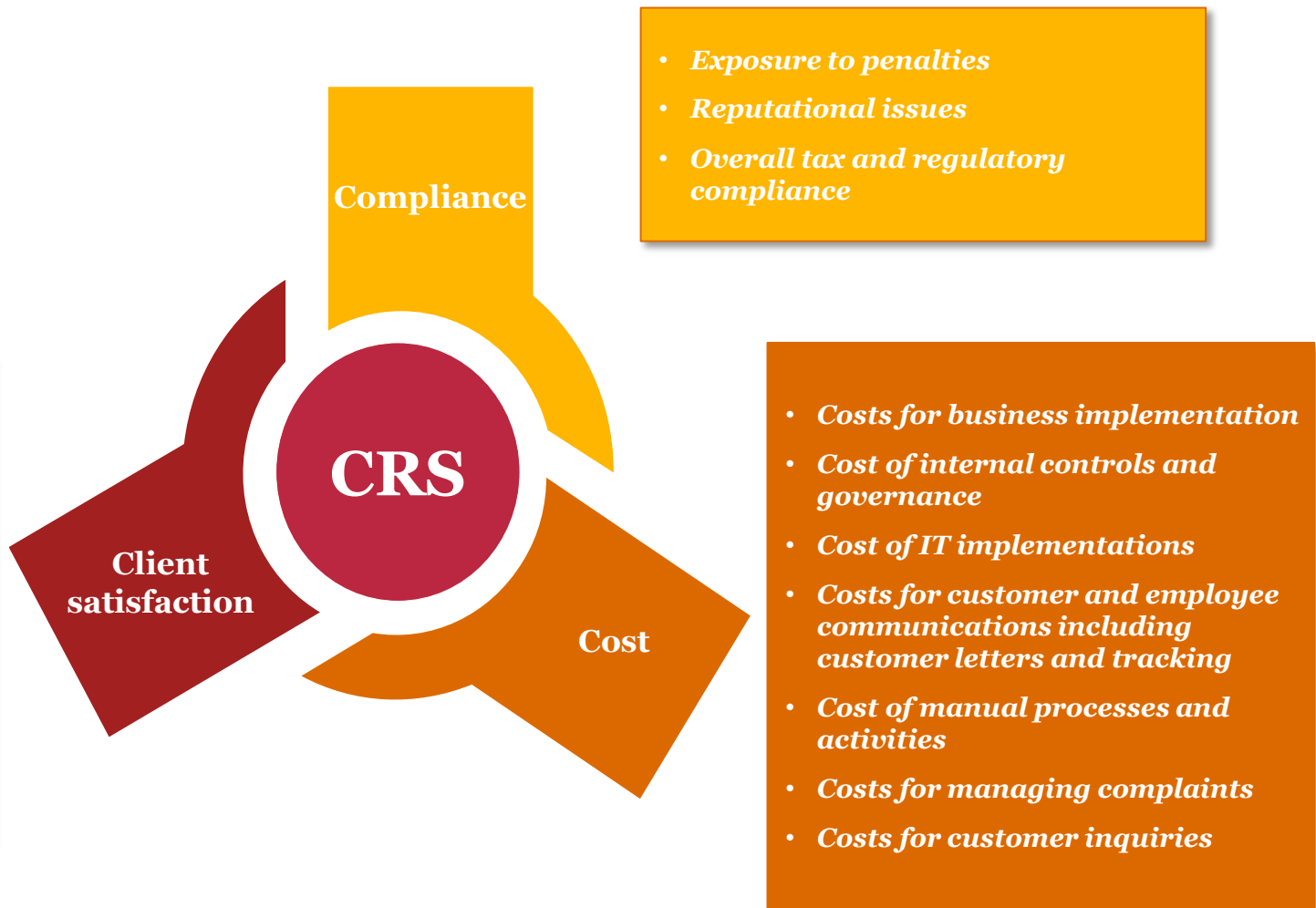
	CRS versus FATCA	Asset Management
New accounts	<p>Individuals</p> <ul style="list-style-type: none"> • Focus on tax residency in a CRS country instead of status as US tax payer • No de-minimis rule • Requirement to collect and maintain TIN and date of birth for account holders for prospective reporting (with certain exemptions) <p>Entities</p> <ul style="list-style-type: none"> • Every tax residence in CRS country relevant • No de-minimis rule • Entities that are not located in a Reportable Jurisdiction and fall within the "managed by" FATCA definition of Investment Entities can qualify as Passive Non-Financial Entities (NFEs) under CRS 	<ul style="list-style-type: none"> • The number of customers to be identified as Reportable Persons increases substantially. • 'Financial assets' definition has become granular under CRS in comparison to the IGA Model 1. So the focus should be on the entity's re-classification before adopting new account holder processes. • Elimination of the ETF-exemption should entail CRS customer on-boarding processes between broker-dealers and ETF distributors. • Certain Investment Entities that are not located in a Reportable Jurisdiction may have to disclose their controlling persons when holding accounts with CRS Financial Institutions.
Preexisting accounts	<p>Individuals</p> <ul style="list-style-type: none"> • Focus on tax residency in a CRS country • No de-minimis rule • Adjusted indicia analysis: Residence address test prior to indicia check, different self-certification requirements and 'undocumented accounts' rule <p>Entities</p> <ul style="list-style-type: none"> • Every tax residence in CRS country relevant • CRS thresholds only exist for preexisting entity accounts (250.000 USD), however monitoring required • FIs that are not located in a Reportable Jurisdiction can qualify as Passive Non-Financial Entities (NFEs) under CRS 	<ul style="list-style-type: none"> • The number of accounts to be reviewed substantially increases under CRS. • An FI has to make "reasonable efforts" to collect a TIN and date of birth.

Reporting: Although reporting is the last on the timeline, its impact on other processes should be considered from the start of the project



3. How you might tackle CRS

A holistic view – Achieve operational efficiency, meet regulatory requirements and ensure client satisfaction



Key elements for a successful delivery

There are many dimensions to an effective delivery of a programme.

If undertaken well, these 12 elements of delivery excellence can contribute significantly to overall success.



Immediate next steps...

- 1. High level impact analysis***
- 2. Stakeholder engagement***
- 3. Confirm readiness of any relevant third parties***
- 4. Consider investor impact (e.g., self-certification forms)***
- 5. Plan a response (e.g., working backwards from key dates)***

Questions?



Brendan Egan
Partner
PwC Singapore



Denise Lim
Partner
PwC Singapore



Christina McNamara
CRS specialist
PwC Singapore

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