STEP Policy Points

The Common Reporting Standard (CRS)

Executive summary

The Common Reporting Standard (CRS) is a mechanism for the mandatory automatic exchange of financial information between jurisdictions. It is legislation which requires all financial institutions (FIs) operating in participant countries to gather account information and provide it to their local tax authorities.


Lines to take

- STEP condemns tax evasion and those who seek to facilitate it.
- It is important to ensure that international initiatives to improve tax transparency and combat evasion are proportionate as well as having strong guarantees that the information exchanged will be secure and used legitimately.
- The OECD’s Mandatory Disclosure Rules needs further work to ensure it is properly targeted.

Context

The CRS was developed following a request from the G20 and is intended to combat tax evasion.

In May 2014 a group of countries, including all OECD jurisdictions, agreed to automatically share specific financial information with each other. Prior to this, the majority of information was shared on request. The first exchanges took place in 2017, with 49 countries taking part. This was followed by 51 jurisdictions in 2018, 2 jurisdictions in 2019 and a further 7 jurisdictions in 2020. Once a country has begun exchanging information the process will take place annually.

FIs in those jurisdictions that have agreed to take part must review their accounts to determine whether any of them can be deemed reportable. To be reportable, the owner of the account must be tax resident in another CRS jurisdiction.

The following information must be reported to the relevant tax authority:

- Name.
- Address.
In 2017, the OECD published a consultation document outlining its new Mandatory Disclosure Rules for CRS, the finalised rules were published in March 2018. The rules are designed to target those who are circumventing reporting under CRS or to prevent the identification of the beneficial owners of entities or trusts. More detail on the MDR and STEP’s response can be found in the relevant Policy Points document.

**STEP response**

As well as sitting on jurisdiction specific bodies; for example HMRC’s consultative group on CRS and HMRC’s DAC6 consultative group, representatives of STEP are part of the Business and Industry Advisory Committee to the OECD (BIAC) on CRS.

STEP has produced guidance for members on CRS generally and, more specifically, how it works in relation to trusts. STEP’s UK Technical Committee provided a response to HMRC’s consultation on the implementation of CRS. STEP has also kept members informed of the progress of CRS through news pieces and blog posts.

Further detail about the engagement work STEP undertook in relation to the OECD’s Mandatory Disclosure Rules can be found in the relevant STEP Policy Points document.

**Stakeholders**

As it is the organisation implementing CRS the OECD is an important stakeholder. The signatory jurisdictions are also key stakeholders.

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