

Singapore Automatic Exchange of Information (AEOI) Alert: Updates to IRAS CRS FAQs and FATCA list of Approved Certificate Authorities

*PwC Singapore Tax
Bulletin – Singapore
Automatic Exchange of
Information (AEOI)
Updates*

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In July 2017, the Inland Revenue Authority of Singapore (IRAS) issued updates to the Common Reporting Standard (CRS) FAQs and provided a Foreign Account Tax Compliance Act (FATCA) update on their website on the US IRS-approved Certificate Authorities.

The following summary provides a brief overview of how these AEOI updates may affect you and your business.

Objective of CRS and FATCA

Both legislations are to detect and deter tax evasion by taxpayers through the use of offshore bank accounts. FATCA targets US persons, whereas CRS targets all tax residents outside of the US and Singapore.

Key Updates to the IRAS CRS FAQs

On 18 July 2017, the IRAS released updated CRS FAQs. We highlight four critical updates below:

- **Reactivation of Dormant Accounts –**

For dormant accounts which are being “reactivated”, the applicable due diligence procedures will depend on the date in which the account was first opened (i.e. whether it is a New or Pre-existing account), and the account holder type (i.e. Individual or Entity). Reporting SGFIs are to apply the applicable due diligence procedures to establish if it is a Reportable Account by the *later* of the last day of the calendar year or 90 calendar days following the date when the account is no longer dormant.

If a pre-existing account is “reactivated” before the due date (31 December 2017 for High Value Accounts; and 31 December 2018 for Lower Value Accounts and Pre-existing Entity Accounts) for the review of the account, the Reporting SGFI will have up to the relevant review date, as the case may be, to establish if the account is a Reportable Account.

Commentary: All Singapore FIs would need to maintain details of the dates in which dormant accounts are considered to be “reactivated”, and the dates in which the account(s) is/are first opened. Accordingly, the relevant due diligence procedures and policies would apply.

- Registration requirements for FIs (other than trusts) that are Singapore tax resident, as well as in one or more participating jurisdictions –

A financial institution (other than a trust), that is resident for CRS purposes in Singapore and one or more participating jurisdictions, will not be required to register with IRAS if:

- 1) It does not maintain any financial accounts in Singapore, and provided that the reporting and due diligence are carried out in another participating jurisdiction where its financial accounts are maintained; or
- 2) It does not have a branch located in Singapore, and provided that reporting and due diligence are carried out in another participating jurisdiction where the branch is located.

Commentary: FIs would need to consider if they have undertaken the due diligence and are reporting to other jurisdiction in tax residency, where the financial account or branch is located, where applicable.

- Reporting requirements for pre-existing individual accounts where certain indicia are discovered –

A reporting SGFI, which discovers Singapore indicia and holds mail or in-care-of address in a foreign jurisdiction for its preexisting individual account, should be treated as tax resident of both Singapore and that foreign jurisdiction.

Commentary: FIs should revise, as appropriate, the capturing of tax residencies, their CRS due diligence, policies and procedures, and undertake any necessary remediation to ensure compliance with the new guidance.

- CRS classification of reserved investment power trusts –

A reserved investment power trust is a type of trust where investment powers over the trust's assets are reserved solely to an individual who is not a trustee. To the extent where the "managed by" criterion is met for Investment entities, such a trust would be considered an investment entity for CRS purposes.

Commentary: To determine the appropriate FATCA and CRS classification of such reserved investment power trusts, a technical position on whether the "managed by" criterion is met must be obtained. And the "managed by" criterion is met if the Entity is managed by another FI, and the gross income of which is primarily attributable to investing, reinvesting or trading in financial assets.

FATCA Update

The following summary provides a brief overview of how the updated list of approved Certificate Authorities (CAs) released on 27 July 2017 may affect you and your business.

What is a CA and a digital certificate?

A CA is an entity that issues digital certificates. A digital certificate binds digital information to physical identities, provides non-repudiation and data integrity, and is needed for the IDES enrollment process. Each entity should obtain one valid digital certificate issued by an approved CA. The International Data Exchange Service (IDES),

only recognizes and accepts digital certificates issued by IRS approved certificate authorities.

Key updates to the list of US IRS-approved CAs

The IRAS released an updated list of US IRS-approved CAs. Click here for the [link](#) on this updated list. We highlight the critical updates below:

- The type of certificate each CA issues are as follows:
 - 1) DigiCert issues Standard SSL and EV SSL;
 - 2) Entrust issues Standard SSL and EV Multi-Domain SSL;
 - 3) GlobalSign issues Organization SSL and Extended SSL;
 - 4) IdenTrust issues Standard Server SSL and FATCA Organization Certificate;
 - 5) Symantec issues Secure Site SSL and Secure Site with EV; and
 - 6) Thawte issues SSL Web Server and SSL Web Server with EV.
- If the Reporting SGFI has a valid certificate from an approved CA, based on the prior version of the list¹, the Reporting SGFI may continue to use it until it expires.

The link to the FAQs can be found [here](#).

Commentary: PwC Singapore recommends for all clients and SGFIs to check against this latest list on US-IRS approved CAs, to ensure that your digital certificates are issued by an approved CA. Where your CA is not captured under this list, please make the arrangements, as appropriate, to obtain the digital certificate from this list of CAs or from prior versions of this list.

¹ The list can be found on [IRAS FAQs-FATCA Filing Process](#) (see question number 22).

Your PwC contacts

If you would like to discuss any of the issues raised, please get in touch with your usual PwC Contact or any of the individuals listed below.



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