Singapore Common Reporting Standard (CRS) Regulatory Changes and Guidance

PwC Singapore Tax Bulletin – Common Reporting Standard (CRS)

April 2017

On 4 April 2017 and 10 April 2017, the Singapore authorities issued amendments to the Singapore Common Reporting Standard (CRS) Regulations and updates to the Inland Revenue Authority of Singapore (IRAS) CRS FAQs respectively. The following summary provides a brief overview of how these changes to the CRS regulations and updated FAQs may affect you and your business.

What is CRS?

The CRS is an internationally agreed standard for automatic exchange of information (AEOI), developed in response to the G20's request in 2014 which calls on jurisdictions worldwide to adopt this international AEOI standard to obtain and automatically exchange financial account information with other jurisdictions on an annual basis. The objective of CRS is to detect and deter tax evasion by taxpayers through the use of offshore bank accounts.

The Singapore CRS Regulations and its key Amendments

Singapore first published the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (CRS Regulations) on 2 December 2016. These regulations entered into force on 1 January 2017.
On 4 April 2017, IRAS issued amendments to these CRS Regulations. The critical amendments are as follows:

- Tightening the definition of an excluded account (other than an annuity contract) which does not exceed USD 1,000. To qualify for this excluded account provision under the CRS regulations amendments, all of the qualifying conditions must now be met, whereas previously any one of the qualifying conditions being met, under the December 2016 Singapore CRS regulations. These changes would mean that Reporting Singapore Financial Institutions (SGFIs) would need to make adjustments to their CRS due diligence processes and policies to exclude a smaller pool of financial accounts which now meet all of the exclusion conditions;

- Alignment of the definition of an "Investment Entity" with the OECD CRS and Commentary, which provides further clarity for the real estate investment trust industry. A legal person is not to be considered as an Investment Entity under CRS if the person's only business assets are immovable properties in which the person has a direct interest and this interest does not arise from any debt owed to the person;

- Clarity that Reporting SGFIs must, before or as soon as practicable after opening new accounts, take all reasonable efforts to determine whether any controlling persons of a passive NFE are reportable persons or in any other case, whether the account holder is a reportable person. Reporting SGFIs which contravene

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this will need to prove as a defence that valid self-certification(s) was/were obtained from the relevant parties (as the case may be) within 90 days after opening the new account;

- Clarifications on the definition of a self-certification, a valid self-certification and the specified particulars of the account holder, as captured under a valid self-certification;

- Insertion of saving and transitional provisions to confirm that the definition of a valid self-certification and its references in the relevant provisions as prescribed under the CRS regulations in force before 4 April 2017 will continue to apply, notwithstanding that there were revisions to these same definitions which take effect on or after 4 April 2017. In any case, SGFIs should already be performing their CRS due diligence, remediation and reporting efforts, in accordance with the international AEOI standard as prescribed under the OECD CRS and Commentary. In this regard, SGFIs must continue to determine, as the case may be, whether any controlling persons of a passive NFE are reportable persons or in any other case, whether the account holder is a reportable person.

- Insertion of the definition of a "public agency".

For more information please refer to the regulations **here.**

Key Updates to the IRAS CRS FAQs

On 10 April 2017, the IRAS released updated FAQs. We highlight two critical updates below:

- For new accounts, Reporting SGFIs would need to obtain a valid self-certification which captures SG TIN information, even when the Account Holder or a Controlling Person of a passive NFE (as relevant) has indicated itself to be solely Singapore tax resident.

  Reporting SGFIs that have not been collecting SG TINs would need to start doing so from 1 July 2017. For Reporting SGFIs that have begun collecting such SG TIN information before 30 June 2017 (for new accounts opened from 1 January 2017 to 30 June 2017) but account holders or controlling persons have not provided their SG TINs notwithstanding that these relevant parties have indicated themselves to be Singapore tax resident, Reporting SGFIs would need to continue to follow up with these parties, or obtain the relevant SG TIN information by 31 December 2017.

- For pre-existing accounts, IRAS confirmed that Reporting SGFIs are expected to obtain the SG TIN of an Account Holder or a Controlling Person (of a Passive NFE) that has indicated Singapore as the jurisdiction of tax residence on the self-certification. For such cases, Reporting SGFIs that have not been doing so are required to start doing so from 1 July 2017. Likewise, for self-certifications that have been collected prior to 30 June 2017, but where no SG TIN is provided, Reporting SGFIs are to undertake reasonable efforts to obtain the SG TIN, if Reporting SGFIs do not have the SG TIN in their records.

  Accordingly, Reporting SGFIs should revise, as appropriate, their CRS due diligence, policies and procedures, and undertake any necessary remediation to ensure compliance with the new guidance.

  The link to the FAQs can be found **here.**

Your PwC contacts

If you require further assistance in respect of CRS matters, please reach out to our PwC FATCA and CRS team, Brendan Egan, Denise Lim or Bernadine Huang.

Brendan Egan
CRS and FATCA Tax Leader
T: 6236 3928
M: 9821 7300
E: brendan.m.egan@sg.pwc.com

Denise Lim
CRS and FATCA Process Implementation Leader
T: 6236 4208
M: 8127 3801
E: denise.ll.lim@sg.pwc.com

Bernadine Huang
CRS and FATCA, Manager
T: 6236 7459
M: 9027 9805
E: bernadine.x.huang @sg.pwc.com