

In response to tax evasion on an international level, the Organization for Economic Co-operation and Development (OECD) has developed an **international standard to improve the automatic exchange of financial information**: Automatic Exchange of Information (AEOI), commonly known as **Common Reporting Standard (CRS)**.

The CRS is based on the FATCA Model 1 Intergovernmental Agreement (Model 1 IGA) signed between the governments of Italy and the United States of America (automatic exchange of information to and from the United States).

Being built on the work already performed as a result of FATCA, the CRS provides for the annual automatic exchange between participating governments of financial account information provided by Financial Institutions.

While, as for FATCA, it is the US citizenship to be deemed relevant, **the CRS takes into consideration the residence for tax purposes in a foreign jurisdiction***.

The Italian financial institution is required to consider the account holder as a resident for tax purposes in any foreign jurisdiction for which *indicia* have been found unless a self-certification stating no residence in the jurisdiction at issue is obtained by the bank.

In Italy the CRS has entered into force as of 1st January 2016.

The regulatory framework is represented, for both laws, by Law No. 95/2015 that has been enacted by D.M. of 28th December 2015.

For further information, the following website is available and it also provides a database for the attribution and the composition of the tax code in CRS participating jurisdictions:

<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/#d.en.347759>

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NEWS TO CUSTOMERS

As of 1st January 2016, Italian Financial Institutions are required to:

- Correctly identify customers, both individuals and legal entities, that open relationships relevant to CRS purposes, by means of adapting procedures and **customer certification processes in order to identify those having residence for tax purposes in a foreign jurisdiction**;
- Exercise specific due diligence activities with reference to new customers who are recorded, in addition to current anti-money laundering and due diligence laws, also on the basis of a further **certification of residence for tax purposes (FATCA/CRS due diligence questionnaire)**;
- Apply **enhanced due diligence** controls to clients having assets equal to or higher than \$ 1,000,000.00 (**High Value Account**);
- Clients, in order to be correctly identified, may be contacted by the Bank so that they can confirm or disprove the *indicia* detected (specific set of information stored in the Bank's database) and state their potential residence for tax purposes in a foreign jurisdiction.

*In general, for CRS purposes, the *indicia* that would be considered are: residence address (including a post office box) in any foreign jurisdiction other than Italy and the USA; one or more telephone numbers in any foreign jurisdiction other than Italy and the USA and no telephone number in Italy; standing instructions to transfer funds to an account maintained in any foreign jurisdiction other than Italy and the USA; currently effective power of attorney or signatory authority granted to a person with an address in any foreign jurisdiction other than Italy and the USA; place of establishment (for legal entities) in any foreign jurisdiction other than Italy and the USA.