

Common Reporting Standard (CRS)

Client factsheet

Introduction

As part of the global move towards increased tax transparency the Organization for Economic Co-operation and Development ("OECD") has introduced a new standard for the Automatic Exchange of Information ("AEOI") in Tax Matters, the so-called Common Reporting Standard ("CRS").

How does the CRS work?

The CRS provides for the annual automatic exchange of financial account information between participating jurisdictions. Reporting financial institutions must submit the information to their local tax authorities who will then forward it to the respective foreign tax authorities.

Who will exchange data?

All major financial centers have committed to introduce CRS. However, any two participating jurisdictions will only effectively exchange information if they have both expressly agreed to do it.

What is the role of the bank zweiplus?

Since the bank zweiplus is in a participating jurisdiction and qualifies as a reporting financial institution it will be required to comply with its reporting obligations.

When will the CRS enter into force?

Reporting financial institutions in countries that implemented the CRS at an early stage ("early adopters") submitted their information for the first time in 2017 for the 2016 calendar year. Second-phase countries (such as Switzerland) will do this in 2018 for the 2017 calendar year. The local tax authorities will then transmit these data to their partner countries.

Who will be reported?

Reporting financial institutions will report information regarding all reportable persons resident in partner jurisdictions, i.e. individual and entity account holders as well as controlling persons of so-called Passive Non-Financial Entities ("Passive NFEs"): beneficial owners, settlors, trustees, beneficiaries, protectors, founders, partners and any other persons with ultimate effective control of the entity.

What data will be exchanged?

Reporting financial institutions must report the following information for each reportable person:

- Name, address and jurisdiction(s) of tax residence
- Tax identification number (if any)
- Date of birth of individuals
- Place of birth of individuals (if required by local law)
- Date of incorporation of legal entities
- Role of controlling persons of Passive NFEs
- Account holder type (legal entities)
- Account number
- Year-end account balance
- Gross amount of interest, dividends and other income
- Gross proceeds from the sale and redemption of financial assets
- Name and identifying number of the reporting financial institution

Does the client have to agree with the reporting?

No, under Swiss Law the reporting is a legal obligation for financial institutions on a yearly basis.

What will the data be used for?

Essentially, participating countries can only use the data for the purposes identified in the relevant country agreement on which the CRS is based. For example, to ensure the proper taxation of assets and/or income in accordance with local laws and regulations.

What rights do clients have?

Clients are entitled, among other things, to obtain detailed information on the exchanged data and/or to request the correction of notifications containing erroneous data.

Is the CRS in conformity with Swiss bank-client secrecy provisions?

Yes, the CRS conforms with Swiss banking secrecy. Outside the limits of the CRS, Swiss banks and their employees remain obliged to maintain secrecy about their clients and accounts.

Does the CRS impact other tax regulations?

The agreement on the taxation of savings income with the European Union and the agreement on flat-

rate tax with the United Kingdom and Austria were terminated on 1 January 2017. The final notifications under these agreements were made in 2017.

What do clients have to do?

We encourage clients to contact their local tax advisor to clarify if they are affected by CRS. In due time the bank zweiplus might be required to contact clients in order to collect additional information and documentation.

Where is it possible to get further information about CRS?

- The AEOI portal of the OECD provides an overview: www.oecd.org/tax/transparency/automatic-exchange-of-information
- The Swiss State Secretariat for International Financial Matters – SIF – provides a current list of partner states: www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsaustausch.html
- The Swiss Banking Association has published an explanatory video demonstrating in detail how the process works: www.swissbanking.org/en/topics/current-issues/aeoi

Legal notice: This factsheet contains simplified answers to the most common questions in connection with the AEOI. Only the CRS for the automatic exchange of information in tax matters of the OECD, the corresponding comments and the relevant laws and other regulations are binding. Neither this factsheet nor any related written or oral explanations constitute tax advice. Clients should contact a qualified tax advisor, if required.