

Common Reporting Standard

Why does a financial institution request information about legal domicile for tax purposes?

What is CRS?

The Common Reporting Standard (CRS) is a uniform and international standard issued by the Organisation for Economic Co-operation and Development (OECD) to govern the automatic exchange of financial information between jurisdictions. The standard was requested by the G20 and its key goal is to prevent tax evasion through annual exchange of information between relevant authorities in member states. Financial institutions are required to identify and gather information about accounts of customers legally domiciled for tax purposes in other states or jurisdictions than the financial institution and to forward such information to a competent authority.

Why CRS?

Domestic laws and international obligations already require financial institutions to gather available information on their customers' domicile for tax purposes and report to a competent authority. By participating in CRS, financial institutions in Iceland help prevent tax evasion and contribute to a safe and sound global community.

What is the impact on me?

CRS affects all individuals, legal entities and beneficial owners of legal entities legally domiciled for tax purposes in other countries than Iceland and the US. Customers legally domiciled for tax purposes in other countries are obligated to inform financial institutions, with which they do business in Iceland, of their legal domicile for tax purposes, their tax identification number (TIN) and address.

What do I need to submit and how often?

Since 2017, financial institutions are obligated to submit certain information about their customers to the Directorate of Internal Revenue on an annual basis. This includes the names, foreign tax identification numbers and addresses of individuals, legal entities and the beneficial owners of legal entities domiciled for tax purposes in other countries than Iceland. Financial institutions are further obligated to divulge information about the assets of customers legally domiciled for tax purposes in other countries than Iceland to the Directorate of Internal Revenue. This includes all account balances, interest payments, dividends and other earnings, such as capital gains from financial products of the customer about which the financial institutions in question possess information.

Link to FATCA

Parties taxed in the US fall under a different set of rules, the Foreign Account Tax Compliance Act (FATCA). See [information about FATCA](#) on the website of the Icelandic Financial Services Association (SFF). The aims of CRS and FATCA are basically the same with CRS calling for information gathering about legal domicile for tax purposes within the OECD.

Where do I turn for further information?

In the event of uncertainty about legal domicile for tax purposes or tax obligations outside of Iceland, contact the Directorate of Internal Revenue, local tax authorities, accountants or other parties authorised to provide tax advice. Financial institutions do not provide tax advice to customers.



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