



**Please note this is background information, guidance on form completion and definitions of terms and does not constitute tax advice.**

## BACKGROUND

Globalisation of the financial sector now makes it much easier for individuals and entities to hold money and assets outside of their jurisdiction of tax residence. While the great majority comply with their tax obligations, there are some who will use the availability of offshore financial structures to evade tax.

The Automatic Exchange of Financial Account Information is about improving transparency in the fight against tax evasion and in so doing protecting the integrity of the tax systems of the Participating Jurisdictions. The UK is party to a number of international agreements designed to provide tax administrations with details of financial accounts and assets owned by individuals and entities that are resident for tax purposes in their jurisdiction, but which are held by financial institutions in the other territory.

The UK Government has introduced legislation that imposes obligations on the UK financial sector to review and collect details of accounts held by persons that have tax residency elsewhere. These details are then reported to HMRC for onward transmission under the exchange of information articles in the various treaties and conventions to which the UK is party. In return, those jurisdictions supply HMRC with similar information on UK tax resident individuals and entities holding accounts with their Financial Institutions.

## PURPOSE OF THE SELF-CERTIFICATION

The self-certification is required to establish your tax residency along with additional information under the Automatic Exchange of Financial Account Information.

If there is a relevant change of circumstances to indicate that your status has changed, for example transfer of ownership or change of address, please complete a new self-certification form to establish whether the change affects your tax residency for the purposes of the Automatic Exchange of Financial Account Information. By signing the declaration you are agreeing to provide updated information.

## FORM COMPLETION

### Section A: Account Holder Information

Details of Entity to be completed. The full name of the Entity is required. If the account is designated, please also add this information.

### Section B: Entity Tax Residency

Please enter each country of tax residency, and Tax Information Number (TIN) or equivalent for each. If you do not have a TIN, please tick the box and add the reason in the box where indicated.

### Section C: Entity Classification

Please tick the appropriate box to classify your Entity. Only one box should be ticked. If either A or B is selected, please complete section D.

### Section D: Controlling Person(s)

Please add details of each controlling person. If the company official completing this section cannot provide complete and

accurate details, they should attempt to obtain them or forward the form and request completion by the appropriate person(s)

### Section E: Declaration

Please sign and date the declaration statement where indicated. The form will be rejected if this section is not completed.

## DEFINITIONS

### 1. Entity

The term Entity means legal person or legal arrangement, such as a corporation, organisation, partnership, trust or foundation.

### 2. Controlling Persons

The term 'Controlling Person' means a natural person who exercises control over the entity. Where no natural person(s) exercises control of the entity, the Controlling Person(s) of the entity will be the natural person who holds the position of senior managing official.

- For a company this includes such a person directly or indirectly owning 25% or more of the shares.
- For a trust this term means the trustee(s), settlor, protector, beneficiaries or any other person exercising ultimate control over the trust. In case of a legal arrangement other than a trust, this term means a person(s) in similar position(s).

### 3. Active NFE (Non-Financial Entity)

The following descriptions constitute an 'Active NFE':

- less than 50% of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50% of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;
- the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;
- the NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing;
- substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes. In these circumstances, the Entity will be a Passive NFE.
- the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of

- a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE;
- f. the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;
  - g. The NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution, or
  - h. The Entity is a non-profit organisation.

#### 4. OECD

'Organisation for Economic Cooperation and Development'.

#### 5. Related Entity

An Entity is a "Related Entity" of another Entity if

- i. either Entity controls the other Entity;
- ii. the two Entities are under common control; or
- iii. the two Entities are Investment Entities, under common management, and such management fulfils the due diligence obligations of such Investment Entities.

For this purpose control includes direct or indirect ownership of more than 50% of the vote and value in an Entity.

#### 6. Participating Jurisdictions

The term "Participating Jurisdiction" means a jurisdiction which has an agreement in place to exchange information in accordance with the OECD Common Reporting Standard.

#### 7. Passive Non-Financial Entity (PNFE)

A Passive NFE is any Non-Financial Entity that is not an Active NFE, or an Investment Entity that is not a Participating Jurisdiction Financial Institution

#### 8. Investment Entity

The term "Investment Entity" means any Entity

- a. that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:
  - i. trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;
  - ii. individual and collective portfolio management; or
  - iii. otherwise investing, administering, or managing Financial Assets or money on behalf of other persons; or
- b. the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the Entity is managed by another Entity that is a Depository Institution, Custodial Institution, Specified Insurance Company, or Investment Entity as described in a.

An Entity is treated as primarily conducting as a business one or more of the activities described in a, or an Entity's gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the Entity's gross income attributable to the relevant activities equals or exceeds 50% of the Entity's gross income during the shorter of:

- i. the three-year period ending on 31 December of the year preceding the year in which the determination is made; or
- ii. the period during which the Entity has been in existence.

The term 'Investment Entity' does not include an Entity that is an Active NFE, or if it meets any of the criteria above in 3d, 3e, 3f, 3g of the definition of Active NFE.

#### 9. Tax Identification Number or TIN

The number used to identify the shareholder in the country of residence for tax purposes. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents. Depending on the country or jurisdiction these can include functional equivalent references such as national insurance number, social security number or resident registration number.

#### 10. Depository Institution

The term 'Depository Institution' means any Entity that accepts deposits in the ordinary course of banking or similar business.

#### 11. Specified Insurance Company

The term 'Specified Insurance Company' means any Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a cash value insurance contract or an annuity contract.

#### 12. Custodial Institution

The term 'Custodial Institution' means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. An Entity holds Financial Assets for the account of others as a substantial portion of its business if the Entity's gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity's gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.

#### 13. Country/Countries of residence for tax purposes

You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference which has been allocated to you, often referred to as a Tax Information Number (TIN). Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered a tax resident in the US even if you live outside the US.

#### 14. US Citizen/Tax Resident

This includes the following, but there are differing circumstances so professional guidance may be required.

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalised as a US citizen.
- You can also be a US citizen, even if born outside of the United States, if one or both of your parents are US citizens.
- You are a 'tax resident' of the United States. You can become a tax resident under two rules:
  - i. The 'substantial presence test'. This is a 'day count test' and based on the number of days you are in the US over a three-year period; and
  - ii. The 'green card test'. A person who has obtained a 'green card' has been granted the right to lawful permanent residence in the United States.

#### OTHER INFORMATION SOURCE

[www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/#d.en.347759](http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/#d.en.347759)