

Frequently Asked Questions on CRS

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1. What is CRS?

The Common Reporting Standard (CRS) requires gathering and reporting customers' information by Financial Institutions (FIs) from participating countries, with the aim of increasing transparency and combatting tax evasion.

2. What is the Multilateral Competent Authority Agreement ("MCAA")?

The MCAA is an agreement entered into by many countries worldwide to exchange information on tax residents in the different jurisdictions.

Kuwait has signed up to the Common Reporting Standard Multilateral Competent Authority Agreement (CRS MCAA) on August 19, 2016. Under the MCAA, FIs in Kuwait will report information on account holders that are tax residents in other participating countries directly to the local tax authority – the Kuwait Ministry of Finance (MoF) - which in turn will report this information to the tax authorities in each relevant country under a bilateral agreement.

3. What is tax residency?

The definition of tax residency differs from one country to another. Please contact a professional tax advisor or check the OECD website for more information on how to determine your tax residency (<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency/>).

In general, a person (individual or entity) is considered a tax resident if he/she is resident in a country, or subject to the tax laws of the country for any reason other than the residency, which requires the person to pay taxes without necessarily holding the country's nationality.

4. What types of accounts will be considered reportable?

Under the CRS, FIs are required to identify customers who appear to be tax resident outside of the country where they hold their accounts (whether individuals or entities), and report certain information to the local tax authority accordingly.

5. How does CRS impact me as a customer?

a) Individuals:

Your bank will ask you to complete/update your information, along with a self-certification form to confirm if you are a tax resident in another country and provide your relevant tax number accordingly.

b) Entities:

Your bank will ask you to complete/update your information and provide a self-certification form to confirm your CRS classification.

6. What documentation am I required to present to my bank?

All customers (both individuals and entities) are required to complete and sign a “Self-Certificate Form” and a “KYC Form”, which includes a Bank Secrecy Waiver to confirm their CRS classification or tax residency in other countries.

7. What is a self-certification form?

A local tax form enforced by the Kuwait MoF to certify the customers’ tax residency status, and in the case of entities, to confirm their CRS classification.

8. How is this information different from the information I provided for FATCA?

Even if you have already provided information relevant to the Foreign Account Tax Compliance Act (FATCA), you will still need to provide additional information for CRS as it has different requirements.

FATCA requires FIs to identify and report a US Person in line with local FATCA regulations, based on the **citizenship**. However, CRS requires FIs to identify the **tax residency** of all customers and report information on customers who are tax resident outside of the country where they hold their accounts, where the relevant country is a participating country.

9. What information will be reported?

As per the CRS MCAA, we will report the following information about reportable accounts:

- The legal name of the account holder;
- Address of the account holder;
- The Tax Identification Number (TIN) of the account holder;
- Account number and aggregate account balance;
- Total gross amount of interest, dividends, or other income generated with respect to the assets held in the account; and,
- Total gross proceeds from the sale of property paid or credited to the account.

10. In case the Bank asks me for more information, what is the period of time I will have for compliance?

Should the Bank request any additional information, you will be required to provide the Bank with the additional information within thirty (30) days of the Bank's request.

11. What should I do if my tax residency information changes while holding an account with your Bank?

You should inform the Bank of your new status within thirty (30) days of such change.

12. How would I be reported if I am a tax resident in more than one country?

CRS provides that a customer can have multiple tax residencies. In this case, the Bank will submit a separate report to the MoF for each participating jurisdiction, including the reportable information of the account holder.