

The Standard compared with FATCA Model 1 IGA

296. As discussed earlier, the Standard was designed to build on FATCA Model 1 IGA, given that many of the jurisdictions implementing the Standard will also be implementing their FATCA Model 1 IGA. Although differences exist because of the multilateral dimension of the Standard, FATCA IGA governments and financial institutions can largely align the requirements of their FATCA Model 1 IGA with the requirements of the Standard. The comparisons provided below focus on the differences in wording between the FATCA Model 1 IGA and the CRS and aim to assist jurisdictions in identifying where those differences can be overcome and where the differences cannot be aligned.

297. The comparisons provided in the below table reflect analysis by the OECD Secretariat to assist officials in their deliberations on implementation of the Standard alongside the Model 1 FATCA IGA. The interpretation and application of the FATCA IGAs remains a matter for the Parties to the Agreements.

Topic	The Standard Compared with Model 1 FATCA IGA	Comment
Nexus for Reporting Financial Institutions	<p>The Standard uses the residence of the Financial Institution as the reporting nexus (see definition of “Participating Jurisdiction Financial Institution”, Section VIII, A, 2 of the Standard). The Commentary contains detailed guidance on the definition of residence.</p> <p>Model I FATCA IGA allows a FATCA Partner to define its Reporting Financial Institutions by using either the residence or the jurisdiction under which the Financial Institution is organised (or both, in the case of some Model 1 FATA IGAs). The Model 1 FATCA IGA clarifies in a footnote that this decision is usually made based on the appropriate concept under the FATCA Partner’s tax laws and, where there is no such concept, the legal organisation test is generally chosen (see definition of FATCA Partner Financial Institution, Article 1,1, I) of the Model 1 FATCA IGA and related footnote).</p>	<p>Most FATCA Partners use the residence of the Financial Institution as the reporting nexus. The Model 1 FATCA IGA provides that for terms not defined in the IGA, the term shall have the meaning it has at that time under the law of the Party applying the IGA, any meaning under the applicable tax laws of that Party prevailing over a meaning given to the term under other laws of that Party, unless the context requires otherwise or two Competent Authorities agree to a common meaning., Jurisdictions should explore the extent to which they can rely on the approach set out in the Standard to determine the residence of a Financial Institution for both the Standard and the Model 1 FATCA IGA.</p>
Definition of Investment Entity	<p>The definition of Investment Entity in Article 1,1, (j) of the Model 1 FATCA IGA differs from the definition of Investment Entity in Section VIII, A, 6 of the Standard.</p>	<p>The definition of Investment Entity in Article 1(1)(j) of the Model 1 FATCA IGA cannot be used for CRS purposes on its own, as it is less prescriptive than the definition of Investment Entity in Section VIII(A) (6). However, the definitions of the Model 1 FATCA IGA and the CRS can be read consistently. For example, the CRS definition includes a gross income test to determine whether an Entity is treated as primarily conducting as a business one or more of the activities described in subparagraph A(6) (a), or an Entity’s gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets for purposes of subparagraph A(6)(b), and could be used to interpret the less prescriptive aspects of the Model 1 FATCA IGA</p>

definition. The CRS definition is in fact based on the definition of Investment Entity in the US FATCA regulations, which may be used to interpret the Model 1 FATCA IGA definition.



Categorisation Annex II to the Model 1 FATCA IGA The Standard only requires Entities to of **Financial** describes which Entities are treated as determine whether they are in the category **Institutions** Non-Reporting Financial Institutions as: a) of Reporting Financial Institutions or NonExempt Beneficial Owners (i.e. entities that Reporting Financial Institutions. Therefore, are exempt from reporting and withholding it was not necessary to adopt Non-Reporting under the FATCA rules); and b) Deemed Financial Institutions subcategories Compliant Foreign Financial Institutions of, Exempt Beneficial Owner, Deemed (i.e. Financial Institutions that are deemed Compliant FFI, and Financial Institutions to be compliant with the FATCA reporting treated as such under the US FATCA requirements). In addition, the definition Regulations which are FATCA specific.

of a Non-Reporting Financial Institution in Notwithstanding this classification into the Model 1 FATCA IGA includes Deemed- subcategories of Non-Reporting Financial Compliant Financial Institutions or Exempt Institutions for FATCA purposes but not Beneficial Owners described in the US for the Standard, the Entities described as FATCA Regulations. The sub-categories of Non-Reporting Financial Institutions in the Exempt Beneficial Owner and Deemed- Standard are largely consistent with the Compliant

Foreign Financial Institution are Entities described in Annex II to the Model 1 FATCA IGA not used in the Standard.

Collective Investment Vehicle The conditions for qualifying as a Collective Investment Vehicle as set out in Sections IV,E and F of Annex II to the Model 1 FATCA multilateral context, remove US specificities IGA (in the Standard described as Exempt and the consequential changes to the Collective Investment Vehicle, see Section definition of Reportable Persons. VIII,B,9 of the Standard) were slightly amended.

**Other lowrisk
NonReporting
Financial
Institutions**

The Standard includes the additional general category of Other Low-risk Non-Reporting Financial Institutions to be determined under domestic law (see Section VIII,B,1,c) of the Standard).

The Non-Reporting Financial Institutions contained in Annex II to the Model 1 FATCA IGAs are agreed through a bilateral discussion. Where an Entity is described in one of the categories in Annex II, it may be treated as a Non-Reporting Financial Institution even though it is not specifically listed. A jurisdiction has the ability to include a specific list of Entities described in the Annex II categories in its domestic legislation. In addition, Annex II may be modified to include additional Entities that present a low risk of being used by U.S. Persons to evade U.S. tax and that have similar characteristics to the Entities described in Annex II as of the date of signature of the IGA.

There is likely to be significant overlap between the Entities included in the category of Other Low-risk Non-Reporting Financial Institutions in the Standard and those excluded from reporting under Annex II of the Model 1 FATCA IGA. However this will depend on meeting the requirements set out in the Standard and Annex II to the Model 1 FATCA IGA.

<p>The categories of NonReporting Financial Institutions</p>	<p>Annex II to the Model 1 FATCA IGA includes several categories of Entities that are treated as Non-Reporting Financial Institutions that are excluded from reporting that are not included in the Standard. These are:</p> <ul style="list-style-type: none"> - Treaty Qualified Retirement Fund; - Investment Entity Wholly Owned by Exempt Beneficial Owners; - Local Banks; Financial Institutions with a Local Client Base; - Financial Institutions with Only Low-Value Accounts; - Sponsored Investment Entity and Controlled Foreign Corporation; - Sponsored Closely Held Investment Vehicle; - Investment Advisors and Investment Managers (see Sections II through IV of Annex II to the Model 1 FATCA IGA). <p>Further categories are also treated as Non-Reporting Financial Institutions in the definition in the Model 1 FATCA IGA by reference to Financial Institutions treated as Deemed-Compliant Financial Institutions or Exempt Beneficial Owners in the US FATCA Regulations.</p>	<p>These categories are either not suitable for the Standard, due to the differing context or approach of the Standard compared to the Model 1 FATCA IGA, or have been incorporated elsewhere in the Standard.</p> <ul style="list-style-type: none"> - Financial Institutions with Only Low-Value Accounts were not included as they rely on the \$50,000 threshold contained in FATCA which is not present in the Standard. - Treaty Qualified Retirement Funds, Local Banks and Financial Institutions with a Local Client Base do not translate into a multilateral setting. - Investment Entity Wholly Owned by Exempt Beneficial Owners: These entities are treated as Non-Reporting Financial Institutions on the basis of the fact that none of their direct account-holders are persons that trigger any reporting obligation. As a result, even without these exceptions such Investment Entities would have no reporting obligations. - Sponsored Investment Entity and Controlled Foreign Corporation; Sponsored Closely Held Investment Vehicle: These exceptions are based on the condition that a sponsor is performing the due diligence and reporting on behalf of the Financial Institution. - Investment Advisors and Investment Managers: Financial Institutions that are not maintaining any financial accounts have no reporting responsibilities. Therefore, even without the exception, these entities would not have any reporting obligations if they are not maintaining any Financial Accounts.
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Financial Asset The term Financial Asset has been specifically defined in the Standard (see Section VIII, A,7 of the Standard) and is used in the definitions of Investment Entity (see Section VIII, A, 6 of the Standard) and Custodial Institution (see Section VIII, A, 4 of the Standard). The Model 1 FATCA IGA does not include such a definition.

The definition of Financial Asset in the Standard is consistent with the current US FATCA Regulations except that nondebt direct investments in real property have been specifically excluded from the Standard as a clarification. Jurisdictions could adopt the approach in the Standard and rely on it for purposes of both the Standard and the Model 1 FATCA IGA.

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Debt or Equity The FATCA Model 1 IGA excludes as a Financial Account of an Investment Entity Investment Entity that are regularly traded **Interests** interests in such Entity that are regularly on an established market are generally in an traded on an established securities market. held by Custodial Institutions and therefore **Investment** However, the exclusion does not apply if the will be reported by the Custodial Institution

Entity holder of the interest (other than a Financial maintaining the Custodial Account and Institution acting as an intermediary) is holding the interests of the Investment registered on the books of the Investment Entity. Entity (except for interests first registered on the books of the Investment Entity prior As a result the approach in the Standard is to 1 July 2014, and with respect to interests largely consistent with the scope of equity first registered on the books of such or debt interest in an Investment Entity that Financial Institution after 1 July 2014, a are subject to reporting Financial Institution is not required to apply the exclusion until 1 January 2016).

The Standard does not exclude equity or debt interests in an Investment Entity from the definition of Financial Account where the interests are regularly traded on an established securities market. However, the Standard does exclude a Financial Institution from the definition of Reportable Person and thus if the equity or debt interest in an Investment Entity is held by a Custodial Institution, the interest is

not subject to reporting by the Investment Entity.

Cash Value Insurance Contract	The definition of Cash Value Insurance Contract in the Model 1 FATCA IGA excludes Insurance Contracts with a Cash Value of 50.000 USD or lower (see Article 1,1,y) of the Model 1 FATCA IGA). The Standard does not have this exclusion (see Section VIII,C,7 of the Standard).	This difference is due to a policy decision taken when developing the Standard.
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Cash Value	The definition of Cash Value in Article 1,1, z) of the Model 1 FATCA IGA is different from the equivalent definition in Section VIII, C,8 of the Standard.	The definition in the Standard of Cash Value has incorporated the more detailed definition of amounts excluded from cash value that is set out in the current US FATCA Regulations but is slightly more narrow than the definition in the current US FATCA Regulations. Jurisdictions can elect to use a definition in the US FATCA Regulations in lieu of a definition in the Model 1 FATCA IGA and, may rely on the definition in the US FATCA Regulations for both the Standard and the Model 1 FATCA IGA.
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Certain excluded retirement savings accounts The Standard provides that contributions to certain qualifying Excluded Accounts (regulated personal retirement or pension savings accounts; accounts in a regulated or accounts registered retirement or pension plan; accounts in regulated and regularly traded non-retirement investment vehicles or in certain regulated savings vehicles) where they are made from other qualifying Excluded Accounts (the categories above; Broad or Narrow Participation Retirement Funds; and Pension Funds of a Governmental Entity, International Organisation or Central Bank) (see Section VIII,C,17,a) and b) of the Standard) will not cause an otherwise Excluded Account to fail to satisfy the contribution limitation

requirement. Annex II to the Model 1 FATCA IGA does not provide a similar provision, except in the case of

The current US FATCA regulations permit certain contributions to retirement and pension accounts and non-retirement savings accounts where these contributions are from certain other accounts excluded from the definition of Financial Account or certain other Deemed-Compliant Financial Institutions (i.e., rollover

contributions). This provision in the current US FATCA Regulations is largely consistent with the Standard. Jurisdictions could elect to use the definition of Financial Account in the current US FATCA Regulations in lieu of a definition in the Model 1 certain retirement funds.

FATCA IGA to incorporate the rollover provision. Jurisdictions would therefore be able to rely on the approach in the Standard for purposes of both the Standard and the Model 1 FATCA IGA.

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provide

Preexisting The Standard contains rules allowing The Model 1 FATCA IGA does not

Account Financial Institutions to treat a New that a Financial Institution may treat a New Account opened by an Account Holder Account opened by an Account Holder of of Preexisting Account as a Preexisting a Preexisting Account. The definition of a Account. The conditions for a New Account Preexisting Account in the current US FATCA to be treated as a Preexisting Account are Regulations allows certain new accounts similar to those in the current US FATCA opened by account holders of Preexisting regulations. However the Standard contains Accounts to be treated as Preexisting one additional condition, which is that no Account. Jurisdictions could elect to use new, additional, or amended information is the definition of Preexisting Account in required to be obtained from the Account current US FATCA Regulations in lieu of

Holder of the Preexisting Account. the definition in the Model 1 FATCA IGA to be able to treat certain New Accounts as Preexisting Accounts. While the current US FATCA regulations do not impose the condition that no new, additional, or amended customer information be required in order to open the account, jurisdictions that have elected to use the definition of a Preexisting Account in the current US FATCA Regulations should be able to rely on the approach in the Standard for purposes of both the Standard and the Model 1 FATCA

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Depository This category is included in the the Standard **due to** (see Section VIII,C,17,f) of the Standard). It **non-** definition **Accounts** of Excluded Accounts under

returned effectively allows for the exclusion of deposit **overpay-** accounts that meet certain requirements **ments** including that the Financial Institution implements policies and procedures either to prevent the customer from making an overpayment in excess of USD 50,000, or to ensure that any customer overpayment in excess of USD 50,000 is refunded to the customer within 60 days. This category is not contained in Annex II to the Model 1 FATCA IGA.

Although this category is not contained in Annex II to the Model 1 FATCA IGA, the Annex I to the Model 1 FATCA IGA excludes from review, identification, and reporting Preexisting and New Individual Accounts that are Depository Accounts with a balance of USD 50,000 or less unless a Reporting Financial Institution elects otherwise, where the implementing rules in the Financial Institution's jurisdiction provide for such election. Annex I to the Model 1 FATCA IGA also excludes from review, identification, and reporting, a Preexisting Entity Account with a balance or value that does not exceed USD 250,000 until the balance or value exceeds USD 1,000,000, unless

a Reporting Financial Institution elects otherwise, where the implementing rules in the Financial Institution's jurisdiction provide for such election. Annex I to the Model 1 FATCA IGA also excludes from review, identification, and reporting, a New Entity Account that is a credit card account or a revolving credit facility, provided that the Reporting Financial Institution maintaining such account implements policies and procedures to prevent an account balance owed to the account holder that exceeds USD 50,000. Therefore, where Annex I and the Standard overlap a single approach could be adopted to exclude Depository Accounts with a balance of less than USD 50,000 from due diligence and reporting provided the requirements of the Standard and Annex I are met with respect to such account.

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Low-risk The Standard includes the additional general There is likely to be significant overlap **Excluded** category of Low-risk Excluded Accounts to between the Financial Accounts included in

Accounts be determined under domestic law (see the category of Low-risk Excluded Accounts Section VIII,C,17,g) of the Standard). in the Standard and those excluded from The Excluded Accounts contained in the the definition of a Financial Account under Model I FATCA IGA are agreed through a Annex II to the Model 1 FATCA IGA. However bilateral discussion. Where an account this will depend on the Financial Account is described in one of the

categories in meeting the requirements set out in the Annex II to the Model I FATCA IGA, it may be Standard and Annex II to the Model 1 FATCA treated as an excluded account even though IGA.

it is not specifically listed. A jurisdiction has the ability to include a specific list of excluded accounts

described in the Annex II categories

in its domestic legislation. In addition, Annex II may be modified to include additional accounts that present a low risk of being used by U.S. Persons to evade U.S. tax and that have similar characteristics to the accounts described in Annex II as of the date of signature of the IGA.

Reportable Jurisdiction Persons Under the Standard only residents of a Reportable Jurisdiction are considered Reportable Jurisdiction Persons, with residence generally considered to mean tax residence. Where Entities do not have a residence for tax purposes, the Standard indicates the place of effective management should be used (see Section VIII,D,3 of the Standard).

Since under US tax law a US citizen is also a US tax resident, the Model 1 FATCA IGA provides that both US citizens and US residents are included in the definition of US person (see Article 1,1,ee) of the Model 1 FATCA IGA).

The approach taken in the Standard definition generally determines residence under the tax laws of a Reportable Jurisdiction. Because in the case of the US, a US tax resident includes a US citizen and a US resident, the approach in the Model 1 FATCA IGA is consistent with the Standard and Financial Institutions will need to consider US citizenship as well as residence in order to fulfil the requirements of the Model 1 FATCA IGA.

Non-Reportable Persons	<p>Under the Model 1 FATCA IGA a detailed list is provided setting out each category of NonReportable US Persons. The categories are drawn from the FATCA statute and contain US-specific definitions with references to US domestic law (see Article 1,1,ff) of the Model 1 FATCA IGA). The Standard contains a shorter list of Non-Reportable Persons with non-jurisdiction specific descriptions (see Section VIII,D,2 of the Standard).</p>	<p>The categories of Non-Reportable Persons in the Standard were developed with the categories in the Model 1 FATCA IGA in mind. However the Standard has adapted some of the categories contained in Model 1 FATCA IGA to apply to a multilateral setting by removing US specific elements. Therefore, while many of the categories are broadly consistent, two separate approaches are required.</p>
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Passive NFEs and Controlling Persons	Under the Standard, the Controlling Persons of Passive NFEs are reportable, regardless of whether they are resident in the same jurisdiction as the Passive NFE (see Section VIII,D,1 and 8 of the Standard). Under the Model 1 FATCA IGA only US Controlling Persons of passive foreign non-financial entities (NFFE) are reportable (i.e., not where the Entity is resident in the US) (see Article 1,1,cc) of the Model 1 FATCA IGA).	In this respect the Standard adopts a different approach than the Model 1 FATCA IGA so two different approaches will need to be maintained.
The definition of a Passive NFE	Under the Standard the definition of a Passive NFE includes Investment Entities not resident in a Participating Jurisdictions (whether they would otherwise be Active or Passive) (see Section VIII,D,8 of the Standard). This is not the case under the Model 1 FATCA IGA (see Section VI,B,2 of Annex I to the Model 1 FATCA IGA).	The inclusion of these Entities in the definition of Passive NFE ensures transparency by requiring reporting on their Controlling Persons under the Standard. The inclusion of these Entities exists only under the Standard.
Related Entity	Under the Standard an entity is a Related Entity of another entity if either entity controls the other entity, or the two entities are under common control. For this purpose, control includes direct or indirect ownership of more than 50 percent of the vote and value of such entity, whereas under the Model 1 FATCA IGA the control test is satisfied, if direct or indirect ownership is 50 percent of either the vote or value of such entity.	When developing the Standard it was decided to apply different requirements for considering an entity a Related Entity, by requiring ownership of the majority of both voting rights and shares. As such, the Standard differs from the Model 1 FATCA IGA. However, the Standard is consistent with the approach taken in the US FATCA Statute and Regulations. Jurisdictions could adopt the definition in the FATCA statute, and to the extent that it is consistent with the Standard rely on a common approach for purposes of both the Standard and the Model 1 FATCA IGA.

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Controlling Both the Standard and Model 1 FATCA The definition of Controlling Persons

Persons IGA provide with respect to the notion of under the Standard is the same as the a Controlling Person an explicit reference definition used in the Model 1 FATCA to the Financial Action Task Force (FATF) IGA. The Commentary to the Standard recommendations. The Commentary to the provides a description of certain FATF Standard provides a description of the FATF recommendations. Jurisdictions should recommendations. be able to rely on these descriptions for purposes of both the Standard and Model 1 FATCA IGA to the extent consistent with the implementation of the FATF recommendations in their jurisdiction.

Application Under the Standard, a jurisdiction may allow Jurisdictions may choose to adopt the due of the due Reporting Financial Institutions to apply the diligence procedures without this option **diligence** due diligence procedure for New Accounts and apply a single approach in the Model **procedures** to Preexisting Accounts and the procedure 1 FATCA IGA for and the Standard As for High Value Accounts to Low-Value the due diligence procedures for New Accounts (see Section II,E of the Standard). Accounts will satisfy the due diligence The Model 1 FATCA IGA does not explicitly procedures for Preexisting Accounts in the provide for this option. Model 1 FATCA IGA and the due diligence procedures for High Value Accounts will satisfy the due diligence procedures for Lower Value Accounts in the Model I FATCA IGA, jurisdictions could also adopt this option in Section II, E of the Standard and also achieve a single approach for both the Standard and Model 1 FATCA IGA.

Thresholds The Standard does not include the \$50,000 A policy decision was made to not to include **for** threshold for Preexisting Individual Accounts these thresholds under the Standard. Under **Preexisting** that is included in the Model 1 FATCA IGA. the Model 1 FATCA IGA jurisdictions decide **Individual** Nor does it include the \$250,000 threshold whether their implementing legislation

Accounts for Cash Value Insurance Contracts or includes the thresholds so the approach Annuity Contracts (see Section III, A of the contained in the Standard could also be Standard and Section II, A of Annex I to the adopted for reporting under the Model 1 Model 1 FATCA IGA). FATCA IGA.

New Accounts Under the Standard, the indicia search is not available for New Accounts, which almost always need to be documented by a self-certification of the Account Holder. Under the Model 1 FATCA IGA, all New Accounts generally need to be documented with a self-certification.

When implementing the Standard and the FATCA Model 1 IGA, consistency can be achieved by adopting the requirements as in the Model 1 IGA rather than the current US FATCA Regulations (which allow New Account to be documented with

Telephone number The Model 1 FATCA IGA includes, as an indicium for a Preexisting Individual Account, a US telephone number (see Section II,B,1,d) of Annex I of the Model 1 FATCA IGA). Under the Standard a telephone number is only an indicium where it is a Reportable Jurisdiction telephone number and where there is no

certain specified documentary evidence or with a self-certification). A common approach can be achieved if Financial Institutions document all of the jurisdictions in which the account holder is a tax resident as required under the Standard, rather than using documentary evidence to determine US tax residency for US Reportable Accounts and self-certifications for the rest.

telephone number in the Financial Institution's jurisdiction (see Section III,B,2,c) of the Standard).

To reduce burdens for Financial Institutions associated with the application of the indicia search in a

Citizenship indicia for Preexisting Individual Accounts	Annex I to the Model 1 FATCA IGA includes indicia for a Preexisting Individual Account in relation to the citizenship of the Account Holder (see Section II,B,1,a) and b) of Annex I to the Model 1 FATCA IGA). This is not included in the Standard.	Under US tax law, a US tax resident includes US citizens as well as US residents. The Model 1 FATCA IGA indicia were designed with US tax law in mind.
Standing instructions	The Model 1 FATCA IGA includes all standing instructions to transfer funds to US accounts as indicium for a Preexisting Individual Account (see Section II,B,1,e) of Annex I to the Model 1 FATCA IGA). Under the Standard, standing instructions to transfer funds to an account maintained in a Reportable Jurisdiction are also indicia other than standing instructions with respect to Depository Accounts are not considered indicia (see Section III,B,2,d) of the Standard).	This carve out in the Standard was introduced to reduce burdens for Financial Institutions associated with the application of the indicia search in a multilateral context.

multilateral context, only a phone number in a Institution is included as indicia in Reportable Jurisdiction where the Financial the Standard, unlike the Model 1 Institution does not hold a phone number for the FATCA IGA. Account Holder in the jurisdiction of the Financial

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Hold mail or Under the Standard, where only a “hold mail” In a multilateral context, the Standard’s **in-care-of** or “in-care-of” address is discovered in the approach to require reporting to the **addresses** electronic search, and no other indicia are domestic tax administration is more **as indicia** found, certain procedures must be followed appropriate when the indicia do not provide to rectify the situation or the account must a clear indication of tax residence.

be reported as an undocumented account (see Section III,B,2,f) and 5 of the Standard). Under the Model 1 FATCA IGA, a “hold mail” or “in care of” address that is the sole address on file is indicia for a Preexisting Individual Account that is a high value account and an “in care of” address outside the US or “hold mail” address is not indicia for a pre-existing individual account that is a lower value account, (see Section II,B,1,g) and c) of Annex I to the Model 1 FATCA IGA).

Self- Under the Standard, Financial Institutions The date of birth is reportable information **certification** must obtain the date of birth of a new under the Standard as it is a core element Account Holder as part of the self- for data matching for many jurisdictions. A certification process (see Section IV,B of self-certification under a Model 1 FATCA IGA the Standard). This is not required under could include, in addition the requirements the Model 1 FATCA IGA (see Section III,B of under the IGA, the date of birth of the Annex I to the Model 1 FATCA IGA). account holder in order to comply with the Standard.

Unreliable or incorrect self-certifications after change in circumstances

Under the Standard where there is a change in circumstances and a self-certification is found to be unreliable or incorrect, in the case of a New Individual Account, a Financial Institutions must obtain a valid self-certification or, in the absence of a self-certification, report based on where the Account Holder claims to be a resident and where the Account Holder may be a residence as a result of the change in circumstances. In the case of a New Entity Account, a Financial Institution must redetermine the status of the Account Holder consistent with the procedures applicable to Preexisting Entity Accounts (see Section IV,C of the Standard and Commentary on Section VI to the CRS paragraph 21). Under Annex I to the Model 1 FATCA IGA where there is a change in circumstances with respect to a New Account that

has been identified as a US Reportable Account that causes the Financial Institution to know, works, it is not appropriate in a multilateral context. or have reason to know, that the selfcertification is incorrect or unreliable, the

Therefore, in the absence of a valid selfcertification, the Standard requires reporting of all jurisdictions where the Account Holder may be a resident.

Financial Institution must obtain a valid self-certification. If the Financial Institution is unable to obtain a valid self-certification, the Financial Institution must report the account as a US Reportable Account. (see Section III,B,2 of Annex I to the Model 1 FATCA IGA).



Preexisting Under the Standard a Preexisting Entity The Standard and FATCA Model 1

IGA Entity Account becomes a Reportable Account provide the same threshold for excluding

Accounts when the aggregate balance or value a Preexisting Entity Account from due exceeds \$250,000 (see Section V, A of the diligence but different thresholds for when Standard). Under the Model 1 FATCA IGA, the previously excluded account becomes a Pre-Existing Entity Account that has a subject to due diligence. This reflects balance or value of \$250,000 or less is not the general approach in the Standard to required to be reported, until the account remove thresholds while recognising the balance or value exceeds \$1,000,000 (see compliance costs associated with reviewing Section IV,A of Annex I to the Model 1 FATCA low value Entity Accounts. Under the Model

IGA). 1 FATCA IGA the exclusions of certain accounts from due diligence is elective where the implementing rules in the Financial Institution's jurisdiction provide for such election. A Financial Institution that had applied the election could revoke the election for Preexisting Entity Accounts once they exceed USD 250,000, where implementing rules in the jurisdiction so permit and the approach contained in the Model I FATCA IGA could be aligned with the approach in the Standard.

Currency Under the Standard jurisdictions can . It would be possible for jurisdictions to **translation** determine the rules governing currency align their domestic rules on currency translation in their domestic law (see translation under the Standard to the rules Section VII,C,4, of the Standard). The Model applicable under the Model 1 FATCA IGA.

1 FATCA IGA prescribes that when applying the thresholds US dollar amounts must be converted into non-US dollar amounts using the published spot determined as of the last day of the calendar year preceding the year in which the Financial Institution is determining the balance or value (see Section VI,C,4, of Annex I to the Model 1 FATCA IGA).

Dormant Accounts Under the Standard, a dormant account Jurisdictions may choose whether to may be treated as an excluded account and include a dormant account as an excluded thus would not require reporting. Under the account under the

Standard. However, Model 1 FATCA IGA, a dormant account is a single approach could be achieved by reviewed, identified, and reported like any documenting and reporting a dormant other account. account like any other account for purposes

of both the Standard and the Model 1 FATCA IGA.

Double or multiple residency

Due to the multilateral context of the Standard in case of double or multiple residency of an Account Holder, determined on the basis of the due diligence procedures, information will be exchanged with all jurisdictions in which the Account Holder is found to be resident for tax purposes. This rule is not contemplated under Model 1 FATCA IGA.

As the Model 1 FATCA IGA is a bilateral instrument and is focussed on exchanging information between the US and a FATCA Partner jurisdiction, questions of dual or multiple residency are not considered in the context of the Model 1 FATCA IGA.

Reporting of average monthly balances

The Standard allows for reporting of the (highest and/or monthly) average balance or value of Reportable Accounts, instead of the balance or value at the end of the calendar year, in case a jurisdiction has such a reporting mechanism in place.

Where a particular IGA provides for the reporting of the average balance or value of a Reportable Account (e.g. the IGA between the US and Mexico) and a jurisdiction is reporting the average balance or value of a Reportable Account under the Standard, a single approach could be taken. However, the IGAs are the result of bilateral negotiations, and where the IGA does not provide for such reporting, but a jurisdiction chooses to report the average balance or value for purposes of the Standard, two different approaches will need to be followed.

Exclusion for the passive income definition	The Standard provides a definition of passive income that is similar to the definition provided in the current US FATCA Regulations. The definition in the Standard does not explicitly exclude commodity hedging transaction by controlled foreign companies from the passive income definition. The same applies to amounts gained by insurers in connection with their reserves. The Model 1 FATCA IGA does not contain a definition of passive income.	Both the Standard and FATCA Model 1 IGA permit the definition of passive income to be developed based on a jurisdiction's applicable law, including tax law. To facilitate effective implementation of the Standard, a jurisdiction's definition of passive income is expected to be consistent with the list provided in the Commentary.
Validity of documentary evidence	The general rule under the Standard is that Documentary Evidence remains valid for five years. The Model 1 FATCA IGA does not provide a period of validity for Documentary Evidence.	The Standard contains a number of exceptions to the general rule that in practice will likely mean the general rule only applies in a limited number of cases. Where the general rules do apply the validity period of Documentary Evidence under the Standard could be limited to five years.

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Preexisting Both the Standard and Model 1 FATCA IGA require that a Financial Institution, Model 1 FATCA IGA, consistency can be **becomes** within a specified period of time, complete achieved by adopting the requirement to **High Value** the enhanced review with respect to a perform the enhanced review within six

Account Preexisting Individual Account that becomes months of the end of the year in which the a High Value account as of the last day of Preexisting Individual Account became a a subsequent calendar year. The Model High Value account as provided in the Model 1 FATCA IGA requires such review to be 1 FATCA IGA. performed within 6 months. The Standard requires the enhanced review be performed within the calendar year following the year in

which the account became a High Value account.

Date and place of birth Under the Standard, subject to certain conditions, the date and place of birth of each Reportable Person is required to be reported (see Section I,A,1 of the Standard). The date of birth has received additional emphasis under the Standard, and the place of birth has been added in certain cases, to

reported (see Section I,A,1 of the Standard). enhance the accuracy of data matching in a The Model 1 FATCA IGA requires the multilateral context.

reporting of date of birth for Preexisting Accounts where the TIN is not available and requires that FATCA Partner establish, by January 1, 2017, for reporting with respect to 2017 and subsequent years, rules requiring Reporting Financial Institutions to obtain TIN. TIN is required for all New Accounts. The Model 1 FATCA IGA does not require the reporting of the place of birth (see Article 3,4 of the Model 1 FATCA IGA).

Account closure

Where accounts are closed in the reporting period, under the Model 1 FATCA IGA Financial Institutions must report the account balance immediately before closure (see Article 2,a),4 of the Model 1 FATCA IGA). Under the Standard only the fact that the account has been closed needs to be reported (see Section I, A,4 of the Standard).

The simplified approach adopted in the Standard is seen as sufficient for the Standard. The account balance or value upon closure is still required under the Model 1 FATCA IGA.

TIN	<p>For Preexisting Accounts, where a Financial Institution does not have a TIN in its records and it is not otherwise required to be collected by the Financial Institution, the Standard does not require the Financial Institution to report this information (although it must use reasonable efforts to obtain it) (see Section I,C of the Standard). Under the Model 1 FATCA IGA, where the TIN is not available for Preexisting Accounts, the date of birth must be reported if it is in the Financial Institution's records (see Article 3,4 of the Model 1 FATCA IGA). While there is no reasonable efforts requirement there is a commitment to require the collection and reporting of TINs for Preexisting Accounts from 2017 TIN is required to be collected and reported for all New Accounts under the Model 1 FATCA IGA (see Article 6,4,b) of the Model 1 FATCA IGA).</p>	<p>The Standard and the Model 1 FATCA IGA are broadly consistent in the first instance in that Financial Institutions must report the identification information it has on file.. However, the Standard and the Model 1 FATCA IGA reflect differing requirements to obtain TIN information, and different approaches may be needed.</p>
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Handbook

Verbal Self-Certification Provided a self-certification contains all To achieve consistency, a Financial Institution could gather the information required to populate or otherwise obtain the self-certification is signed or positively affirmed by the customer, the Standard form and also require signature or positive affirmation in written or electronic form gather verbally the information required both for the Standard and the Model 1 to populate or otherwise obtain the FATCA IGA.

self-certification. A self-certification is otherwise positively affirmed if the person making the self-certification provides the Financial Institution with an unambiguous acknowledgement that they agree with the representations made through the self-certification. In all cases, the positive affirmation is expected to be captured by the Financial Institution in a manner such that it can credibly demonstrate that the self-certification was positively affirmed (e.g., voice recording, digital footprint, etc.). The approach taken by the Financial Institution in obtaining the self-certification is expected to be in a manner consistent with the procedures followed by the

Financial Institution for the opening of the account and the Financial institution will need to maintain a record of this process for audit purposes, in addition to the selfcertification itself.

The Model 1 FATCA IGA does not provide for a verbal self-certification or verbal positive affirmation.