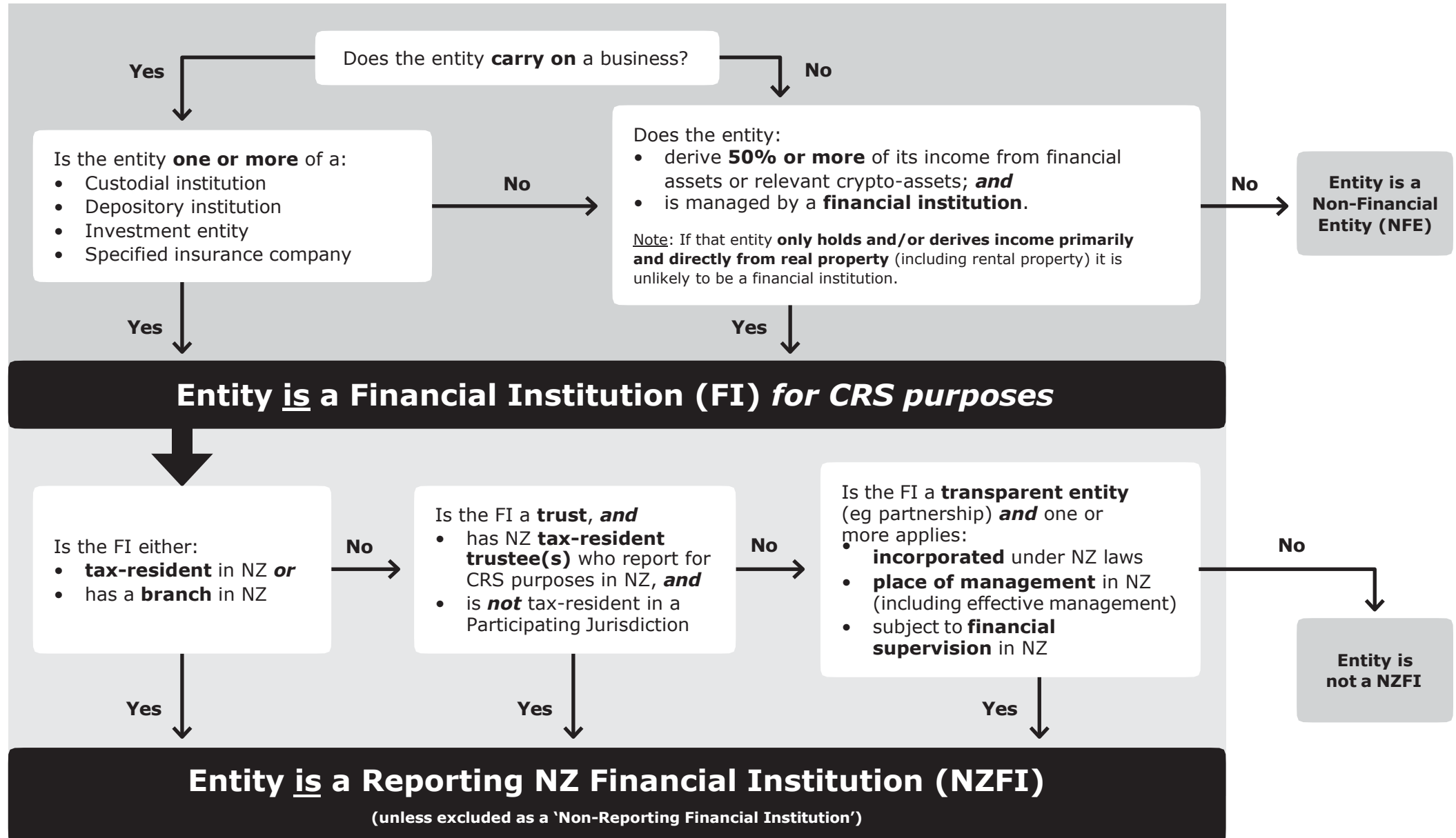


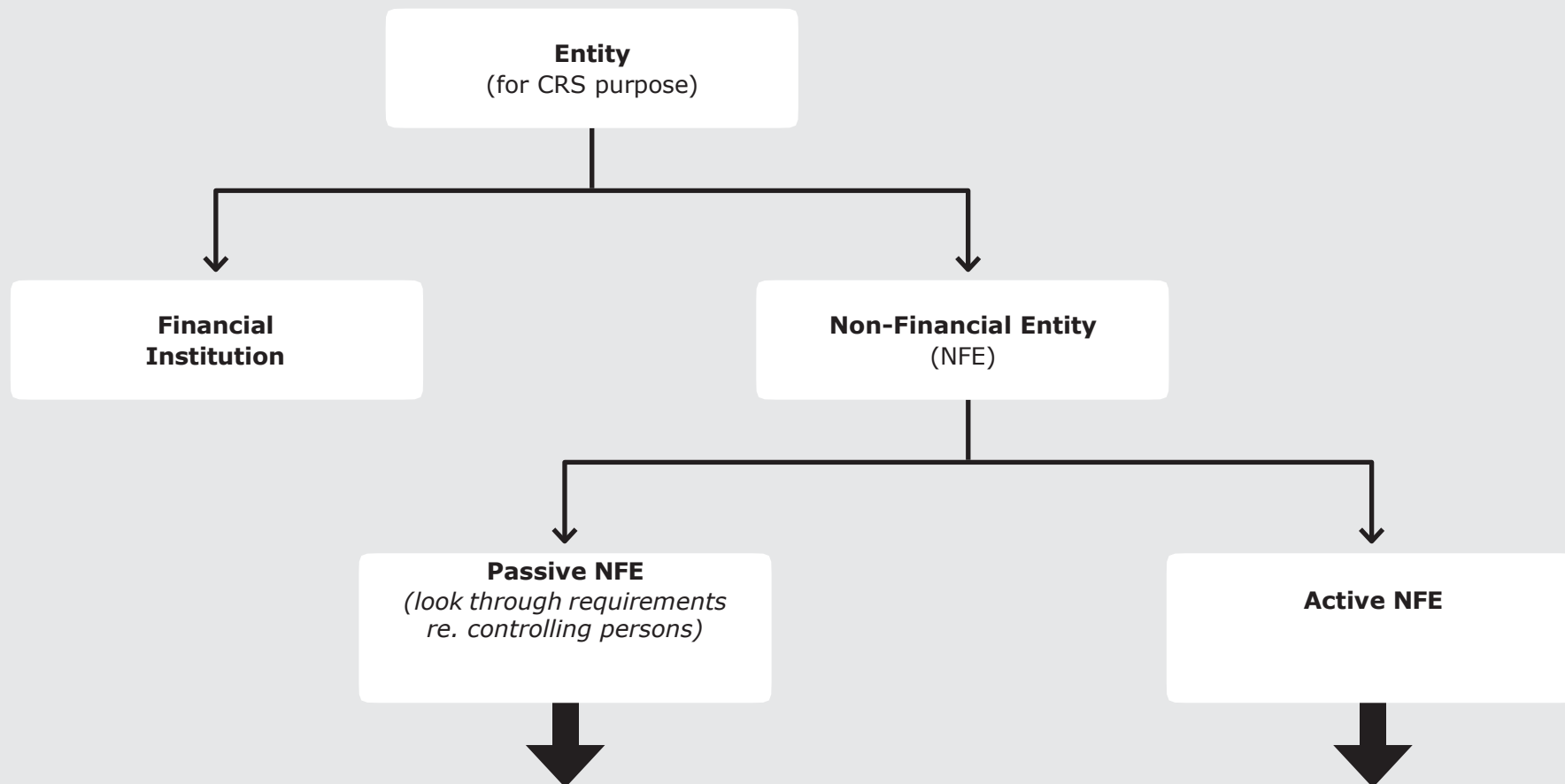
CRS: Is the entity a Reporting NZ Financial Institution?



Term	Definition	IR guidance
Common Reporting Standard (CRS)	The CRS is a global framework for the collection, reporting and exchange of financial account information about people and entities investing outside of their tax residence jurisdiction	1
Custodial institution	An entity that holds, as a substantial portion of its business, financial assets for the account of others (<i>eg, shared, bonds and money</i>).	3.1.1
Depository institution	An entity that accepts deposits in the ordinary course of banking or similar business (<i>eg, banks, credit unions, building societies</i>) or that holds specified electronic money products or central bank digital currencies for the benefit of customers, or is otherwise licensed to engage in such activities.	3.1.2
Entity	A legal person or a legal arrangement, such as a corporation, partnership, trust or foundation. Note: that individuals are excluded from the definition of "entity" for CRS purposes and that only entities can be financial institutions.	3.1
Investment entity	An investment entity would include certain collective investment vehicles, mutual funds, exchange traded funds, private equity funds, hedge funds, venture capital funds, leveraged buy-out funds or any similar investment vehicle established with an investment strategy of investing, reinvesting or trading in financial assets or relevant crypto assets. This would generally capture unit trusts and managed investment schemes. This list is not exhaustive. Entities such as family trusts may be investment entities, particularly if the trust's financial assets or relevant crypto assets are managed by another financial institution. Fund managers, investment managers and investment advisers will also often be investment entities. Brokers can also sometimes be investment entities.	3.1.3
NFE	An NFE is a 'non-financial entity' and is an entity that is not a Financial Institution. NFEs are either Active NFEs or passive NFEs. A NFE that is not an active NFE will (by default) be a passive NFE.	1.9, 5.5.2 – 5.5.3, 5.6.2 – 5.6.3, Appendix 4
Non-Reporting NZFI	An NZFI excluded from needing to carry out CRS due diligence and reporting	Appendix 6
Participating Jurisdiction	An overseas jurisdiction that has an agreement with New Zealand under which they will provide us with CRS information. New Zealand's participating jurisdictions will be in a list we publish.	1.1
Reporting NZFI	A New Zealand Financial Institution that must carry out CRS due diligence and report to us on all reportable accounts on an annual basis. This also covers reporting undocumented account information in the circumstances set out in the CRS.	3
Specified insurance company	For CRS purposes, is an entity that is an insurance company (including its holding company) and is treated as a 'specified insurance company' if it: <ul style="list-style-type: none"> • issues investment products that are classified as cash value insurance contracts or annuity contracts; or • makes payments under the terms and conditions of these contracts. 	3.1.4.1 – 3.1.4.2
Trustee documented trust	A NZFI trust will be a Non-Reporting NZFI trustee documented trust if it uses a trustee that is a reporting financial institution to duly carry out its CRS obligations. The financial institution trustee will report to Inland Revenue on the trust's behalf if the trust has any account to report. Although the financial institution trustee will report any accounts to Inland Revenue on trust's behalf, the trust itself will still be required to be registered with Inland Revenue with accounts to be reported under the relevant trust.	3.5

Disclaimer This information is a high-level flowchart to help you determine when an entity is required to report, as required by the CRS law in New Zealand. It does not constitute a ruling or binding legal advice.

CRS: Entity classification



An entity will be a **passive NFE** if it primarily (50% or more) derives passive income or/and has assets that primarily (50% or more) produce (or could produce) passive income.

Exception: Such an entity will be a **passive NFE** unless it falls within any of paragraphs (b)-(h) of the definition of "active NFE", which deems certain NFEs to be active NFEs irrespective of whether they primarily derive passive or active income.

An entity will be an **active NFE** if less than 50% of its income is passive income and less than 50% of its assets produce (or could produce) passive income.

Example: Business income will generally be **active income**.

Example: Interest from term deposits will generally be **passive income**.

For further detail see sections 1.9, 5.5.2 - 5.5.3, 5.6.2 - 5.6.3 and Appendix 4 of the Inland Revenue CRS guidance for more information to determine if the Non-Financial Entity (NFE) is 'Passive' or 'Active'.