

# Accountants and the CRS

As an accountant you should consider whether you or your clients have obligations under the Common Reporting Standard (CRS)

## As an accountant or tax agent

- **do you act through an entity (eg corporate trustee<sup>1</sup>) that is a financial institution?**

Whether the entity is a financial institution depends on:

- the nature of the activities the entity carries out (ie. specified financial activities as a business for customers);
- how the entity derives its income; **and**
- how the entity is managed.

- **do you have any clients that are financial institutions?**

- an entity that is an "in business" financial institution; **or**
- an entity that is managed by a financial institution (perhaps your entity).

**Note:** a managed entity is a financial institution if it derives its income primarily (50% or more) from investing, reinvesting or trading in financial assets (versus direct interests in real property).

- **do you administer or manage financial accounts for clients (eg trust accounts)?**
- **do you or your clients hold or control accounts with any financial institutions?**

If the answer to any of these questions is yes, you and/or your clients may have obligations under the CRS.

For CRS guidance and supporting documents go to [www.ird.govt.nz/crs](http://www.ird.govt.nz/crs)

Check out our video explaining the CRS and how the automatic exchange of information works at [www.ird.govt.nz/infoshare](http://www.ird.govt.nz/infoshare)

<sup>1</sup> Our guidance "*The Application of the Common Reporting Standard to corporate trustees within a professional group*" sets out examples of when a corporate trustee will be a financial institution. See also Item 1 in Part 2 of Schedule 2 of the Tax Administration Act 1994.

# The Common Reporting Standard

---

New Zealand is one of more than 100 countries that are using the Common Reporting Standard (CRS) for the automatic exchange of financial account information (AEOI) to help combat global tax evasion.

Under the CRS, Reporting New Zealand financial institutions are required to review their financial accounts and annually report to Inland Revenue prescribed information about certain accounts held or controlled by relevant foreign tax residents.

Inland Revenue will then send the information to the tax authority in the person's jurisdiction(s) of tax residence, if New Zealand has an agreement to exchange such information with that jurisdiction.

<b>Term</b>	<b>Definition</b>	<b>IR Guidance</b>
<b>Common Reporting Standard (CRS)</b>	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.	<b>Section 1</b>
<b>Financial institution</b>	A custodial institution, depository institution, investment entity (including certain entities that are managed by financial institutions), or specified insurance company.	<b>Section 3</b>
<b>Reporting New Zealand financial institution</b>	A New Zealand Financial Institution that must carry out CRS due diligence on its financial accounts 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.	<b>Sections 3-6</b>
<b>Entity</b>	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).	<b>Section 3.1</b>

This information is a high level summary (with some exceptions) to help you determine whether you or your clients may have obligations under the CRS law in New Zealand. It does not constitute a ruling or binding legal advice.