

Annexure II

Common Reporting Standard (CRS) For Automatic Exchange of Information (AEOI)

1. What is CRS?

CRS is a global standard for the automatic exchange of financial information between jurisdictions that have agreed to adopt it. The Organisation for Economic Cooperation and Development (OECD) has introduced CRS in order to combat tax evasion and to improve cross-border tax compliance.

2. CRS and Hong Kong

The same has been enacted as an ordinance in Hong Kong vide the Inland Revenue (Amendment) No.3 Ordinance 2016 dated 30th June 2016 has made it mandatory in Hong Kong.

3. What does CRS seek to achieve?

CRS is an extension of the Foreign Account Tax Compliance Act (FATCA) and seeks to determine the country of tax residence of any Financial Account Holder.

4. How is CRS achieved?

This is achieved by reporting obligations for financial institutions and participating jurisdictions to establish the country (or countries) of tax residence of any person or company that maintains assets and financial accounts in these jurisdictions with them.

5. Axis Bank and CRS

Axis Bank is an authorized institution which should comply with the requirements of CRS and is committed to increasing awareness of those requirements to the Bank's clients.

6. Why do banks comply with CRS?

CRS is a client tax information transparency regime that requires financial institutions to report on a person or company's country (or countries) of tax residence. Each participating jurisdiction is expected to enact these CRS requirements into local legislation, so as to make it mandatory for financial institutions to comply with the regulations.

Compliance with CRS requires the Bank to collect certain documentation from you, as the Bank's client, in order to establish your country (or countries) of tax residence.



7.What is required from Customers?

A declaration of their Tax residency in prescribed format.

8.What will the Bank do with the Information ?

Where CRS reporting obligations arise, the Bank may be further obliged to report information regarding financial accounts held by you to the designated local tax authority in accordance with local legislation of the participating jurisdiction where the financial account is maintained.

The Inland Revenue Department being the HK Tax Authority may exchange this information with the tax authority of another country in accordance with relevant laws.

9.Whether Bank will report Hong Kong Tax Resident information ?

No , Inland Revenue Department Hong Kong does not require Hong Kong Tax residentia status to be informed to them. However, if the account holder is a tax resident of any other tax jurisdiction which comes under the CRS for AEOI , then it will be reported. In other words , information of account holders who are tax residents of exclusively Hong Kong will not be reported.

10.Whether Customers have to submit CRS Form ?

Yes, certain category of account holders, their power of attorney holders, authorized representatives as stipulated by Inland Revenue department are required to submit a CRS Form even if you have submitted a form earlier under FATCA.

11.What are the rights of the Banks in case of non-submission ?

Banks are obliged to adhere to the CRS rules and in certain instances banks may have to decline any requests for new accounts, close the existing account(s) with the Bank, and/or decline to enter into any further transaction for existing account holders who do not provide completed CRS forms and applicable tax documentation. Generally, all new clients are expected to provide CRS forms to open any new financial account with the Bank.

Therefore, customers are required to provide to us the valid details and documentation to establish your country (or countries) of tax residence by providing one or more of the following CRS forms in the next section.



12. CRS Forms

Please complete the form that is most appropriate to you. Once completed, please return the CRS form(s) to the Bank's branches in original or copy together with any supporting documents (as indicated on the relevant Form and its accompanying instructions).

13. Further Clarification or Assistance:

For assistance in determining your tax status or in completing the relevant tax forms, please visit the [OECD's CRS webpage](#) or seek professional tax advice or legal counsel. Neither we, nor any of our employees, will be able to assist in these matters.

The term 'Account Holder' means the person listed or identified as the holder of a Financial Account. A person, other than a Financial Institution, holding a Financial Account for the benefit of another person as an agent, a custodian, a nominee, a signatory, an investment advisor, an intermediary, or as a legal guardian, is not treated as the Account Holder. In these circumstances that other person is the Account Holder.

For example in the case of a parent/ child relationship where the parent is acting as a legal guardian, the child is regarded as the Account Holder. With respect to a jointly held account, each joint holder is treated as an Account Holder.

A Change-in-Circumstances refer to a change on a client banking profile which impacts one or more of the CRS Indicia data indicators.



GLOSSARY

1. Competent Authority Agreement (CAA)

In general, a Competent Authority Agreement is a bilateral agreement between two jurisdictions to clarify or interpret CRS treaty provisions

2. Controlling Person

The natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies), or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions.

The term 'Controlling Person' shall be interpreted in a manner consistent with the Recommendations of the Financial Action Task Force.

3. Financial Account

A Financial Account is an account maintained by a Financial Institution and includes: Depository Accounts; Custodial Accounts; Equity and Debt Interest in certain Investment Entities; Cash Value Insurance Contracts; and Annuity Contracts.

4. Financial Institution

Any of the following:

- A Depository Institution;
- A Custodial Institution;
- An Investment Entity; or
- A Specified Insurance Company.

5. International Organisation

Any international organisation or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organisation (including a supranational organisation).

- that is comprised primarily of governments;



- that has in effect a headquarters or substantially similar agreement with the jurisdiction; and
- the income of which does not inure to the benefit of private persons.

6. Participating Jurisdiction

A jurisdiction:

- with which an agreement is in place pursuant to which it will provide the specified information under CRS; and
- which is identified in a published list.

7. Reportable Account

A Reportable Account is a Financial Account that is maintained by a Reporting Financial Institution and that, pursuant to due diligence procedures consistent with CRS, has been identified as an account that is held by one or more persons that are Reportable Persons with respect to another Jurisdiction or by a Passive NFE with one or more Controlling Persons that are Reportable Persons with respect to another Jurisdiction.

8. Reportable Client Information

Reportable Client Information refers to the account-level data which the Bank needs to report to the appropriate authority as part of the CRS requirements; this generally includes but is not an exhaustive list:

- Taxpayer Identification Numbers (TIN)
- Aggregate Account Balances;
- Client Name;
- Client Permanent Address.

9. Reportable Jurisdiction

A Reportable Jurisdiction is a Participating Jurisdiction with which an obligation to provide financial information is in place.



10. Reportable Person

A reportable person to the reportable jurisdiction:

- a corporation the stock of which is regularly traded on one or more Established Securities Markets;
- any corporation that is a Related Entity of a corporation described in clause (1);
- a Governmental Entity;
- an International Organisation;
- a Central Bank; or
- a Financial Institution.

11. Taxpayer Identification Number

Taxpayer Identification Number or a functional equivalent in the absence of a TIN. A TIN is a unique combination of letters or numbers assigned by a jurisdiction to an Individual or an Entity and used to identify the Individual or Entity for the purposes of administering the tax laws of that jurisdiction.

12. Read further details on the OECD website

Some jurisdictions do not issue a TIN. However, these jurisdictions often utilise some other high integrity number with an equivalent level of identification (a 'functional equivalent').

Examples of that type of number include, for individuals, a social security/insurance number, citizen/personal identification/service code/number, and resident registration number.

