



Common Reporting Standard (CRS)

Overview

1. What is CRS?

Common Reporting Standard (CRS) is a global standard for automatic exchange of information (AEOI) on financial account information between the governments in order to combat offshore tax evasion and protect the integrity of taxation systems.

Over 100 countries/ jurisdictions, including Malaysia, have committed to CRS. You may view the full list of CRS participating jurisdictions (i.e. Jurisdictions who agreed to participate in the CRS regime) at the [OECD website](#).

CRS mandates financial institutions located in a CRS participating jurisdiction such as RHB Banking Group (RHB) to:

- i. Identify and collect relevant information regarding customer's tax residency status; and
- ii. Report financial account information held by the customers who are tax residents in other reportable jurisdictions (i.e. two participating jurisdictions who signed a bilateral agreement to exchange financial information with one another) to the local tax authority. The information will be exchanged annually by the local tax authority with the relevant tax authorities in other participating jurisdictions.

Financial institutions in CRS participating jurisdictions including Malaysia-based Financial Institutions (e.g. RHB) are obliged to comply with the CRS requirements.

2. When will the requirements take effect?

The Income Tax (Automatic Exchange of Financial Account Information) Rules 2016 was gazetted on 23 December 2016 and takes effect from 1 July 2017.

All Malaysia-based Financial Institutions ("MYFI") are required to collect CRS Self-Certification Form from all its customers with effect from 1 July 2017 and to report the required information to the Inland Revenue Board Malaysia (IRBM) on or before 30 June 2018.

3. Is it applicable to me or my organisation?

CRS impacts both individual and legal entity customers with foreign tax residency status. All customers will need to self-declare their tax residency status with RHB.

4. What should I do if CRS is applicable to me or my organisation?

RHB is obliged to request a new customer to provide completed Self-Certification Forms on customer's tax residency status and supporting documents that comprise the tax residency information (e.g. tax identification number) with effect from 1 July 2017. For certain types of entity customers (Passive Non-Financial Entity or Investment Entity managed by another Financial Institution in a Non-Participating Jurisdiction), the customer is required to disclose the identity of individuals who exercise control over the entity, trust or legal arrangement.

For existing RHB customers, we will reach out to you for a Self-Certification Form if further clarification on your tax residency information is required.



Please take note that RHB is not in the position to advise you on your tax residency status or classification. You may consult your tax advisor on the tax residency status or entity classification, if any.

Tax Residency and Reporting

5. What is my tax residency?

Tax residence is defined as the resident country's local tax laws and therefore may vary from country to country. In general, tax residence is the country in which you live. Special circumstance may cause you to have tax residence in more than one country at the same time, e.g. dual residence. You may check the OECD website on the respective countries / jurisdictions' Tax Identification Number (TIN) [structure](#) and [rules](#). Please confirm your tax residency with your tax advisor.

6. I live in Malaysia where I am a local tax resident so why do I need to give you these details in the Self-Certification Forms?

As a financial institution, RHB is legally required to establish the tax residency status of all its customers, even if you are a local tax resident in Malaysia. However, at present, IRBM would not require the reporting of your details (i.e. a local tax resident) for CRS purposes, unless you self-declared that you are a tax residency of another country.

7. What happens if I don't have a taxpayer identification number (TIN)?

You may leave the TIN blank but you will need to indicate the reason for not obtaining a TIN. A list of reasons will be pre-printed in the Self-Certification Form (e.g. minor, student, housewife, country does not have TIN, etc.).

8. Are there any consequences for incorrect certification?

Yes. It is an offence under section 113A of the Malaysia Income Tax Act, 1967 if any person provides incorrect information in the Self-Certification Form. Such offence is punishable with a fine (between RM20,000 and RM100,000) or imprisonment (for a term not exceeding 6 months) or both.

9. What will happen if I/ my organisation refuses to disclose the required information?

All Reporting Financial Institutions such as RHB are committed to being fully CRS compliant. Thus, RHB will report your account as reportable account depending on your records maintained with RHB to the local tax authority (IRBM).

10. If I am or my organisation is a resident of a non-CRS participating country / jurisdiction, will my information still be collected?

Malaysia has adopted a wider approach for CRS, which requires financial institutions to collect information of all customers with non-Malaysia tax residency. RHB will only report information of customers who are tax residents in other jurisdictions that have signed bilateral agreement with Malaysia.



11. What do I or my organisation have to do if there is any change in tax residency details?

For any changes of tax residency details or CRS status, the customer is required to inform and update RHB by providing a new Self-Certification Form to RHB within 30 days from the date of change.

12. What information will be reported to Inland Revenue Board Malaysia (IRBM)?

Under CRS, the details to be reported include customers' tax residency details and financial account information (i.e. balance/value and the total amounts of payment credited to their respective financial accounts).

13. Will my account information in the bank's possession be publicly available?

No. The reportable information will be made available to IRBM. IRBM will then share these information with the respective countries' tax authorities based on the customer's reported foreign tax residency(ies) information and provided that the country has signed the Intergovernmental Agreement (IGA) with Malaysia. It is expected that Malaysia's selected partnering countries will have a strong rule of law in place to ensure confidentiality of information exchanged, and will not subject to unauthorised access or misuse.

14. I have a trust, will my information be reportable, to whom and how?

You are required to provide the bank the tax residency information of the trust's relevant parties (i.e. 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, as required).

15. The information which I or my organisation have provided for under FATCA is similar to the information requested for CRS purposes, so why is this different?

FATCA is a US Legislation requiring RHB to identify US Persons and report in line with the FATCA regulations, based on the citizenship of the customer. Whereas, CRS requires RHB to identify the tax residency of all our customers and to report information to IRBM on customers who are having tax residency of another country.

Notwithstanding that if you have already provided information under the United States Government's Foreign Account Tax Compliance Act ("FATCA"), you are still required to provide the additional information for CRS as these are governed under different regulations / jurisdiction with different requirements.

16. Where can I find out more about the CRS?

Further information can be obtained on CRS at the [OECD website](#) or the [IRBM website](#).