Complex Reporting Requires Lots of Time and Money – Or Maybe Not!
Tax Compliance with Siron®

CRS Identification & Classification

In collaboration with the G20 states, the OECD has prepared a new global standard for the international exchange of financial data. As of 2017, cross-border tax evasion will be further restricted through automatic exchange of information between tax authorities (Automatic Exchange of Information – AEOI). The new standard consists of two parts: common reporting and due-diligence concerning the information on financial accounts (Common Reporting Standard – CRS) and a model for bilateral or multilateral intergovernmental agreements that will serve as the basis for the exchange of taxpayer data between these states (Model Competent Authority Agreement – CAA). The financial institutions of the signatory states are obliged to identify the accounts of private persons and companies residing in one of these countries.

The new OECD reporting standard is quite similar to the U.S. rules stipulated by the ‚Foreign Account Tax Compliance Act' (FATCA). However, CRS does not focus on the nationality but on tax residence. While FATCA exchanges data with one nation, tax-residence identification according to AEOI is likely to include (besides the 50 early adopters) 130 countries in the medium term. The resulting increased data volume calls for automatic software solutions, especially for financial institutions with many account holders residing abroad.

Screening of Existing Customers

Siron®TCR implements the CRS requirements efficiently and integrates easily with customer acceptance procedures and customer base analysis. The system fully covers the CRS due-diligence regulations. Indicators for reportable accounts, such as postal/home addresses, telephone numbers in states with reporting obligations, standing orders to accounts in these states, belong to the basic rule set in Siron®TCR. Business users may customize and add rules to react fast and flexibly to legislative amendments. When screening the customer base, Siron®TCR uses check rules to classify the customer and account data in ‚reportable' or ‚non-reportable' according to CRS. The system automatically sends customers with scenario hits to the integrated Case Management.

Siron®TCR: Identification & Classification Highlights at a Glance

- Complies with the statutory CRS regulations for customer classification, including documentation and reporting
- Integrates check rules and a flexible editor to adjust and extend CRS scenarios
- Provides intelligent analysis methods to classify natural and legal persons (reportable, non-reportable account) and detect changes in the customer's environment (‚Change of Circumstances')
- Offers standardized interfaces to the third-party database of Bureau van Dijk for automated integration of beneficial owners (for legal entities) with the verification process
- Provides a workflow in Case Management for cases with assumed foreign tax residence: e.g. data supply for customer advisors, document tracking, CRS status assignment (reportable, non-reportable) for each country
- Offers an interface to third-party systems (e.g. to send data to the core banking system)
- Ensures electronic reporting to national tax authorities that complies with data-protection regulations
- Can be easily integrated with existing system environments and allows continued use of the data interfaces from existing Siron®AML or Siron®KYC installations

For further information **www.tonbeller.com**
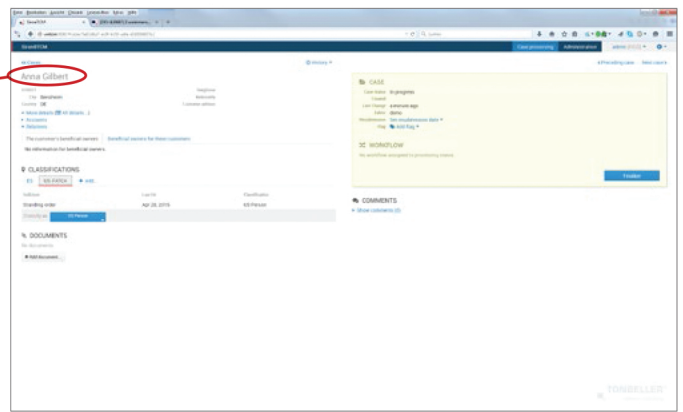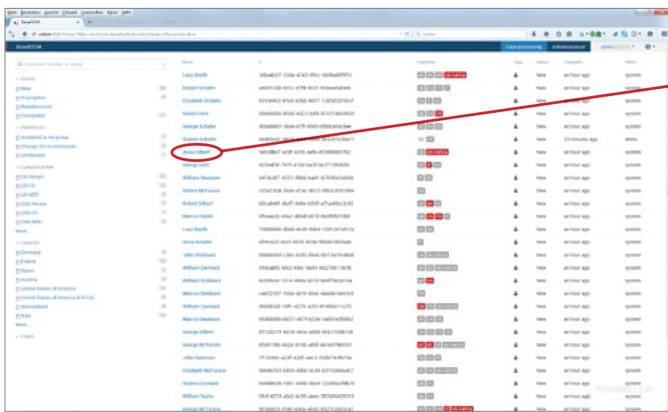
Siron®TCR Case Management: Processes all natural and legal entities with assumed tax residence abroad

Financial institutions must ensure that the criteria resulting in the classification of natural or legal person be continually reviewed. Siron®TCR identifies changes (,Change of Circumstances') by recognizing, for example, if customers (legal persons) have a new beneficial owner from one of the signatory states.

CRS Check for New Customers

To implement CRS, the account acceptance process needs to be adapted in order to classify new customers according to the CRS regulations and report them to the national authority, if necessary. This intensified customer acceptance process, which includes the identification of individuals who are tax residents in one of the signatory states, relies on the CRS check criteria and on check rules defined by the institutions. Siron®TCR checks customer-data input automatically based on the predefined rules. While editing legal persons, the system automatically retrieves information on beneficial owners from third-party databases (e.g. Bureau van Dijk) and includes it in the CRS check. With Siron®TCR, FICO offers an out-of-the-box solution that can be integrated easily with existing account-opening procedures.

Case Management Workflow of CRS-Relevant Persons

Case Management shows natural and legal persons with assumed foreign tax residence as CRS cases for processing by the specialist departments. All relevant customer data and CRS scenario hits are available for detailed analysis. The generation of a CRS case triggers a defined workflow. The responsible customer advisors are obliged to clarify their customers' CRS status and request the necessary documents (self-certifications, documentary evidence – e.g. certificate of residence, passport).

The document tracking tool of Siron®TCR monitors deadlines and provides escalation management. The system also offers a resubmission feature prompting customer advisors to request CRS-relevant customer documents once again.

The CRS status may be sent to third-party systems (e.g. core banking systems). All check results, actions, and decision records in Siron®TCR are audit-proof.

CRS Reporting

Siron®TCR ensures electronic and secure reporting to the national tax authorities. Requested information, e.g. customer and transaction data of relevant business contacts, can be securely forwarded in full compliance with data-protection regulations. Siron®TCR reporting not only covers the AEOI requirements but also supports FATCA reporting to IRS or national authorities.

Integration with Siron® Anti-Financial Crime Solutions

FICO customers who already work with Siron®AML or Siron®KYC can implement the CRS data supply with minimal effort. They may directly integrate the default rules for identification of CRS-relevant customers and accounts with the screening processes for customer acceptance (Siron®KYC). Financial institutions that do not use FICO solutions for customer acceptance and anti-money laundering, may integrate Siron®TCR through web services.

Please also make use of our factsheet Siron®TCR for Reporting.