

FATCA AND CRS FREQUENTLY ASKED QUESTIONS

What is FATCA?

FATCA stands for Foreign Accounts Tax Compliance Act. It is a 2010 United States federal law requiring all non-US ('foreign') Financial institutions (FFIs) to identify and report financial accounts held by their reportable customers which includes US persons and specific types of non-US entities with US owners with a controlling interest.

What is CRS?

The Common Reporting Standard (CRS) is the standard for the Automatic Exchange of Information (AEOI) developed by the Organisation for Economic Co-operation and Development (OECD). It is a reporting and information-gathering requirement for financial institutions in participating countries, aiming to help the fight against tax evasion and protect the integrity of tax systems.

What is the main purpose of FATCA?

The main purpose of FATCA is to increase the transparency on the financial assets US persons hold offshore. FATCA achieves this through comparing annual reporting by the financial institutions against the annual reporting by US persons. FATCA aims to detect, deter and discourage tax evasion by US tax residents, who either directly or indirectly, hold assets outside the US through foreign financial institutions.

What is the main purpose of CRS?

The main purpose of the CRS is to combat the offshore tax evasion and to provide minimum set of standards for automatic exchange of financial account information. By leveraging on the rules introduced by FATCA, CRS aims to increase efficiency and decrease cost associated with exchange of information. Local financial institutions report CRS specific information to their competent tax authority, who in turn exchange this information with the respective competent authorities of the participating jurisdictions that have signed the international multilateral competent authority agreement.

What is the difference between FATCA and CRS?

Although CRS and FATCA are similar, they also have important differences.

The most fundamental difference is that under FATCA, reporting is done on the basis of citizenship and tax residence, while under CRS, reporting is done on the basis of tax residence.

Moreover, there are differences in the definitions of financial institutions, product scoping, the minimum threshold for individual accounts which is provided under FATCA but not under the CRS, the due diligence requirements under each regime, the reportable information and the timing of implementation.

Is FATCA applicable in Cyprus?

Yes. Several countries including Cyprus, signed an Intergovernmental Agreement - Model 1 - with the US (IGA), in order to facilitate the implementation of FATCA provisions by financial institutions in their jurisdictions. FATCA came into effect on 01/07/2014.

Is CRS applicable in Cyprus?

Yes. Cyprus has signed the Multilateral Competent Authority Agreement (MCAA) for CRS as early adopter. This means that Cyprus has adopted the CRS into its national legislation as of 1 January 2016. Furthermore, as a European Union Member State, Cyprus has also adopted Directive 2011/16/EU on administrative cooperation in the field of direct taxation (DAC) as amended by Directive 2014/107/EU in its national legislation.

Which jurisdictions have signed a MCAA for CRS?

As of March 2025, 126 jurisdictions committed to the CRS ([Signatories of the CRS Multilateral Competent Authority Agreement](#)).

Who needs to comply with FATCA?

FATCA was introduced to place the responsibility for reporting foreign income upon the financial institutions, rather than on the taxpayers. As from 1 July 2014, non-US entities that do not comply with these requirements could be subject to a 30% withholding tax on certain payments from the US. The rules apply to any foreign financial entity which accepts deposits in the normal course of business, holds assets for others as nominee or custody services, is primarily engaged in investing, reinvesting or trading in securities or commodities or is an insurance company that makes payments in respect of a financial account. This includes banks, investment funds, insurance companies, mutual funds, brokers, custodians, intermediaries and private equity firms.

Who needs to comply with CRS?

The CRS regulation generally applies to any financial institution (FI) located in a CRS participating jurisdiction and obliges these financial institutions to identify tax residency of account holders. CRS applies to both individuals and entities. An up to date list of the countries that have either signed or committed adopting CRS can be found on the OECD's site at: ([Signatories of the CRS Multilateral Competent Authority Agreement](#)). Cyprus financial institutions are required to identify reportable accounts based on the

information collected (via a self-certification) and report them accordingly to the Cyprus tax authority. In turn, the Cyprus tax authority exchanges information with the tax authorities of Reportable Jurisdictions (Note: the list of reportable jurisdictions is released by the Cyprus tax authority). Among other information, the self-certification includes the country(ies) of tax residence and the tax identification number(s).

Who is reportable under FATCA?

FATCA requires financial institutions to identify financial accounts held by US residents or citizens, or entities registered or operating in the US or controlled by one or more US persons, and to report annually information to the IRS. Under the Cyprus-US intergovernmental agreement, this reporting is done through the Cyprus Tax Department.

Who is reportable under CRS?

The CRS seeks to establish the tax residency of customers of the financial institutions. Under the CRS, financial institutions are required to identify the tax residency of their customers. Customers that are identified as tax residents of a participating jurisdiction (other than the jurisdiction of the financial institution), are expected to be treated as reportable persons. Financial institutions are expected to report certain information to the national tax authority.

What is reported under FATCA and CRS?

Reportable information can include:

1. Information on the account holder (including name, address, tax identification number) and/or its controlling person in case of an entity;
2. Account number;
3. The name and identifying number of the Reporting Cyprus Financial Institution;
4. Account balance or value at the end of the calendar year;
5. Certain amounts paid or credited to the account which may include interest, dividends, proceeds from the sale/redemption of assets)

Do FATCA and CRS apply to all Banks and financial institutions in Cyprus?

Yes. FATCA and CRS apply to ALL Banks and credit institutions in Cyprus.

What does FATCA and CRS mean for Bank of Cyprus customers?

For the opening of a new account, Bank of Cyprus is required to obtain from customers their tax residence(s) for tax purposes, and their tax identification number(s), among other information. Without this information, Bank of Cyprus, as with any other Financial

Institution in a FACTA/CRS participating jurisdiction, will not proceed to open a new bank account.

Bank of Cyprus contacted all pre-existing customers (customers with accounts as of 31 December 2015) subject to FATCA/CRS, requesting self-certification form to determine their residence(s) for tax purposes and their tax identification(s) number. Without a self-certification, Bank of Cyprus is generally legally obliged to consider the account holder as a Reportable Person. Bank of Cyprus is committed to comply with FATCA/CRS legislation with a minimum burden on its customers.

Where can I get more information regarding FATCA and CRS from?

For further information please consult the following websites:

1. The Cyprus Tax Department at https://www.mof.gov.cy/mof/tax/taxdep.nsf/page20_en/page20_en?opendocument
2. The Association of Cyprus Banks at www.acb.com.cy
3. OECD at <https://web-archives.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/index.htm> (CRS)
4. US IRS at <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca> (FATCA)