

# Craigs Investment Partners

*Matrix of CRS and FATCA  
documentation requirements*

7 November 2023

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# Craigs Investment Partners

## CRS and FATCA - matrix of documentation requirements

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- The CRS/FATCA information requirements shown are in addition to AML documentation required such as ID documentation, which must also include a residential address.
- "Foreign indicia" means information on a client that indicate they may be non-NZ tax resident, and includes a domicile or place of residence overseas.

Account holder	Client classification/ circumstance	If account holder is NZ tax resident only and has no foreign indicia		If foreign indicia are present
		CRS information required	FATCA information required	Additional information required
<b>Company or trust</b>  <i>(Can also include testamentary trusts and deceased estates)</i>	<b>Active NFE/NFFE</b> <i>('Non-financial entity' under CRS or 'Non-financial foreign entity' under FATCA)</i>  <i>Includes a charity under FATCA. For CRS, a charity may either be an Active NFE/NFFE or an FI.</i>	<ul style="list-style-type: none"> <li>Self-certification of account holder's tax residency</li> <li>Foreign TIN(s)</li> <li>Self-certification of entity type</li> </ul>	<ul style="list-style-type: none"> <li>Self-certification of account holder's US tax residency</li> <li>US TIN</li> <li>Self-certification of entity type</li> </ul>	<p>If foreign indicia such as an overseas domicile are inconsistent with the account holder's tax self-certification (e.g. NZ tax resident only), they will need to provide a new self-certification including foreign TIN. Otherwise report as undocumented.</p>
	<b>Passive NFE/NFFE</b>  <i>A managed investment entity, which is ordinarily classed as a financial institution, becomes a passive NFE under CRS if it is tax resident in a country that is not a Participating Jurisdiction (the current list is <a href="#">here</a>.)</i>	<ul style="list-style-type: none"> <li>Self-certification of account holder's tax residency</li> <li>Foreign TIN(s)</li> <li>Self-certification of entity type</li> <li>For each controlling person: <ul style="list-style-type: none"> <li>Name, address, date of birth</li> <li>Country(ies) of tax residence</li> <li>Foreign TIN(s)</li> </ul> </li> <li>Controlling persons include: <ul style="list-style-type: none"> <li><u>For trusts:</u> settlors, trustees, protectors, beneficiaries, any other natural persons with ultimate effective control.</li> <li><u>For companies:</u> directors, shareholders with more than 25% direct or indirect ownership, any other natural persons who exercise control</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Self-certification of account holder's US tax residency</li> <li>US TIN</li> <li>Self-certification of entity type</li> <li>For each controlling person: <ul style="list-style-type: none"> <li>Name, address, date of birth</li> <li>US TIN</li> </ul> </li> <li>Controlling persons include: <ul style="list-style-type: none"> <li><u>For trusts:</u> settlors, trustees, protectors, beneficiaries, any other natural persons with ultimate effective control.</li> <li><u>For companies:</u> directors, shareholders with more than 25% direct or indirect ownership, any other natural persons who exercise control</li> </ul> </li> </ul>	<p>If foreign indicia such as an overseas domicile are inconsistent with the account holder's tax self-certification (e.g. NZ tax resident only), they will need to provide a new self-certification including foreign TIN. Otherwise report as undocumented.</p> <p>If a controlling person has or is suspected to have foreign indicia and this is inconsistent with their tax self-certification (e.g. NZ tax resident only), they will need to provide either:</p> <ul style="list-style-type: none"> <li>a new self-certification of overseas tax residency with foreign TIN, or</li> <li>an acceptable explanation of the foreign indicia.</li> </ul> <p>If additional information is not provided, report as undocumented.</p>

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- The CRS/FATCA information requirements shown are in addition to AML documentation required such as ID documentation, which must also include a residential address.
- "Foreign indicia" means information on a client that indicate they may be non-NZ tax resident, and includes a domicile or place of residence overseas.

Account holder	Client classification/ circumstance	If client is NZ tax resident only (no foreign indicia)		If foreign indicia are present
		CRS information required	FATCA information required	Additional information required
Company or trust	<b>Financial institution</b>  <i>For example:</i> <ul style="list-style-type: none"> <li>• Bank or depository institution</li> <li>• Investment funds</li> <li>• Financial intermediaries</li> <li>• Other custodial institution</li> <li>• Specified insurance company</li> <li>• Company or trust that is managed by another FI (which may include a charity for CRS purposes)</li> </ul> <i>A DIMS client is treated as 'managed' by Craigs given their discretionary mandate, and hence the DIMS client should generally be treated as a managed FI. However, certain situations exist where a DIMS client can validly self certify as a Passive NFE/NFFE.</i>  <i>See Appendix 1.</i>	<ul style="list-style-type: none"> <li>• Self-certification of account holder's tax residency</li> <li>• Foreign TIN(s)</li> <li>• Self-certification of entity type (FI)</li> </ul>	<ul style="list-style-type: none"> <li>• Self-certification of account holder's US tax residency</li> <li>• US TIN</li> <li>• Self-certification of entity type (foreign FI)</li> <li>• Global intermediary identification number (GIIN) of the account holder</li> </ul>	None. The FI account holder is responsible for their own CRS and FATCA reporting. There is no obligation on Craigs to report the FI even if the FI is an overseas tax resident or has foreign indicia.

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- “Foreign indicia” means information on a client that indicate they may be non-NZ tax resident, and includes a domicile or place of residence overseas.

Account holder	Client classification/ circumstance	If client is NZ tax resident only (no foreign indicia)		If foreign indicia are present
		CRS information required	FATCA information required	Additional information required
Company or trust	Retirement fund <i>See Appendix 2.</i>	<ul style="list-style-type: none"><li>• Self-certification of entity type (non-reporting FI or retirement fund)</li></ul> <i>(Assumes the specific criteria for each are satisfied. If in doubt, account holder should <b>self-certify</b> as an FI or NFFE.)</i>	<ul style="list-style-type: none"><li>• Self-certification of entity type (non-reporting foreign FI / <b>exempt beneficial owner</b>, or retirement fund)</li></ul> <i>(Assumes the specific criteria for each are satisfied. If in doubt, account holder should <b>self-certify</b> as an FI or NFFE.)</i>	None. As a non-reporting FI, the account holder is essentially exempt from CRS or FATCA reporting as long as their self-certification of entity classification type is correct. There is no obligation on Craigs to report the account holder even if the FI is <b>a specified US person or</b> overseas tax resident or has foreign indicia.

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- The CRS/FATCA information requirements shown are in addition to AML documentation required such as ID documentation, which must also include a residential address.
- “Foreign indicia” means information on a client that indicate they may be non-NZ tax resident, and includes a domicile or place of residence overseas.

Account holder	Client classification/ circumstance	If account holder is NZ tax resident only and has no foreign indicia		If foreign indicia are present
		CRS information required	FATCA information required	Additional information required
Trust with a corporate trustee	Corporate trustee is an FI and the account holder is a managed investment entity in a CRS Participating Jurisdiction  <i>If the trust account holder is not in a Participating Jurisdiction (the current list is <a href="#">here</a>), trust will be a Passive NFE - see earlier page.</i>	<ul style="list-style-type: none"> <li>Self-certification of entity type (FI)</li> </ul>	<ul style="list-style-type: none"> <li>Self-certification of entity type (foreign FI)</li> <li>Global intermediary identification number (GIIN) of the account holder</li> </ul>	None. The FI account holder is responsible for their own CRS and FATCA reporting. There is no obligation on Craigs to report the FI even if the FI is an overseas tax resident or has foreign indicia.
	Corporate trustee is an FI, the account holder is a managed investment entity and corporate trustee reports the trust information (i.e. trustee documented trust)	<ul style="list-style-type: none"> <li>Self-certification of entity type (non-reporting FI)</li> </ul>	<ul style="list-style-type: none"> <li>Self-certification of entity type (non-reporting foreign FI)</li> <li>Global intermediary identification number (GIIN) of the corporate trustee</li> </ul>	None. The corporate trustee is responsible for reporting on the trust's financial accounts, or otherwise the trust is (as an FI). There is no obligation on Craigs to report the FI even if the FI is an overseas tax resident or has foreign indicia.
	Corporate trustee is <u>not</u> an FI and account holder is a passive NFE/NFFE (not an FI).  <i>This would typically occur where the trustee is a dedicated trustee company for the particular trust, or a small accounting or legal firm trustee company.</i>	<ul style="list-style-type: none"> <li>Same requirements as for a Passive NFE/NFFE (see earlier page)</li> <li>Details for each controlling person are required as for a Passive NFE/NFFE, noting that the corporate trustee should be looked through to the underlying controlling persons of that corporate trustee (who would become controlling persons in relation to the trust's account with Craigs). Technically, all controlling persons of the corporate trustee should provide their details; however, practically, the key individuals to document are the directors of the corporate trustee and potentially the shareholders depending on the capacity in which they are holding the shares.</li> </ul>		<p>Same requirements as for a passive NFE/NFFE (see earlier page).</p> <p>If additional information is required but not provided for either the trust account holder or any controlling person (including the controlling persons of the corporate trustee), report as undocumented.</p>

- The CRS/FATCA information requirements shown are in addition to AML documentation required such as ID documentation, which must also include a residential address.
- “Foreign indicia” means information on a client that indicate they may be non-NZ tax resident, and includes a domicile or place of residence overseas.

Account holder	Client classification/ circumstance	If account holder is NZ tax resident only and has no foreign indicia		If foreign indicia are present
		CRS information required	FATCA information required	Additional information required
<b>Individual</b>  <i>(For joint accounts, this applies to all of the account holders – for minors, this may include a parent or guardian if set up jointly)</i>	<b>Low value (accounts with in aggregate a balance of &lt;\$1m)</b>	<ul style="list-style-type: none"> <li>• Self-certification of account holder's tax residency, <b>including any joint account holders'</b></li> <li>• Self-certification for other persons with authority over the account, including any authorised person (with similar rights as the account holder), person with a power of attorney, or a parent or guardian with account authority</li> <li>• Foreign TIN(s)</li> <li>• Date of birth</li> </ul>	<ul style="list-style-type: none"> <li>• Self-certification of account holder's US tax residency, <b>including any joint account holders'</b></li> <li>• Self-certification for other persons with authority over the account, including any authorised person (with similar rights as the account holder), person with a power of attorney, or a parent or guardian with account authority</li> <li>• Citizenship</li> <li>• US TIN</li> <li>• Date of birth</li> </ul>	<p>If the account holder has or is suspected to have foreign indicia and this is inconsistent with their tax self-certification (e.g. NZ tax resident only), they will need to provide either:</p> <ul style="list-style-type: none"> <li>• a new self-certification of overseas tax residency with foreign TIN, or</li> <li>• an acceptable explanation of the foreign indicia.</li> </ul> <p>If additional information is not provided, report account as undocumented.</p>
	<b>High value (accounts with in aggregate a balance of \$1m or more)</b>	<ul style="list-style-type: none"> <li>• Self-certification of account holder's tax residency, <b>including any joint account holders</b></li> <li>• Self-certification of tax residency for other persons with authority over the account, as above</li> <li>• Foreign TIN(s)</li> <li>• Date of birth</li> </ul>	<ul style="list-style-type: none"> <li>• Self-certification of account holder's US tax residency, <b>including any joint account holders</b></li> <li>• Self-certification of tax residency for other persons with authority over the account, as above</li> <li>• Citizenship</li> <li>• US TIN</li> <li>• Date of birth</li> <li>• Relationship manager knowledge (if relevant)</li> <li>• US place of birth (if relevant)</li> </ul>	<p>If the account holder has or is suspected to have foreign indicia and this is inconsistent with their tax self-certification (e.g. NZ tax resident only), they will need to provide either:</p> <ul style="list-style-type: none"> <li>• a new self-certification of overseas tax residency with foreign TIN, or</li> <li>• an acceptable explanation of the foreign indicia.</li> </ul> <p>If additional information is not provided, report account as undocumented.</p>

- The CRS/FATCA information requirements shown are in addition to AML documentation required such as ID documentation, which must also include a residential address.
- “Foreign indicia” means information on a client that indicate they may be non-NZ tax resident, and includes a domicile or place of residence overseas.

Account holder	Client classification/ circumstance	If account holder is NZ tax resident only and has no foreign indicia		If foreign indicia are present
		CRS information required	FATCA information required	Additional information required
<b>Any</b>	<p><b>Exempt/excluded or non-reporting account</b></p> <p><i>This includes a/an:</i></p> <ul style="list-style-type: none"> <li>• Retirement fund</li> <li>• Estate of a sole (not joint) account holder, if directed at winding up and distributing assets</li> <li>• Governmental Entity (including local)</li> <li>• International Organisation (including wholly-owned agency thereof)</li> <li>• Central Bank</li> <li>• Qualified Credit Card Issuer (being an FI that only issues credit cards)</li> <li>• Term life insurance contracts</li> <li>• Maori authorities (for FATCA only)</li> <li>• Other low-risk accounts subject to Inland Revenue discretion and approval</li> </ul> <p><i>(NB: This is not a full list but represents the most common.)</i></p>	<ul style="list-style-type: none"> <li>• Self-certification of account holder type (e.g. exempt entity)</li> <li>• Other specific proof to document the criteria, e.g.: <ul style="list-style-type: none"> <li>• For estates, formal notification of the account holder's death (e.g. will or death certificate)</li> <li>• Other low risk accounts – proof of Inland Revenue confirmation</li> </ul> </li> </ul> <p><i>(Assumes the specific criteria for each are satisfied. If in doubt, account holder should self-certify as an FI or NFFE.)</i></p>	<ul style="list-style-type: none"> <li>• Self-certification of account holder type (e.g. exempt beneficial owner)</li> <li>• Other specific proof to document the criteria, e.g.: <ul style="list-style-type: none"> <li>• For estates, formal notification of the account holder's death (e.g. will or death certificate)</li> <li>• Other low risk accounts – proof of Inland Revenue confirmation</li> </ul> </li> </ul> <p><i>(Assumes the specific criteria for each are satisfied. If in doubt, account holder should self-certify as an FI or NFFE.)</i></p>	<p>None. As a non-reporting or excluded account, the account holder is essentially exempt from CRS and/or FATCA reporting as long as their self-certification of entity classification type is correct. There is no obligation on Craigs to report the account holder even if the account holder is a specified US person or overseas tax resident or has foreign indicia.</p>

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### Implications for Craigs and for account holders of not getting it right

- If account holder is tax resident overseas but refuses to provide their foreign TIN or an acceptable explanation as to why there is no foreign TIN (which is relevant for individuals but less so for entities, which should all have TINs in the countries in which they operate):
  - Craigs needs to make reasonable efforts to obtain the relevant information and TIN, e.g. asking on application and additional requests in regular client correspondence
  - This should satisfy Craigs' obligations for information collection.
  - If the required information (as in the table) is not provided to Craigs, the account holder will be reported to Inland Revenue as undocumented. It may be worth noting to clients that not providing a foreign TIN does not restrict the CRS/FATCA reporting.

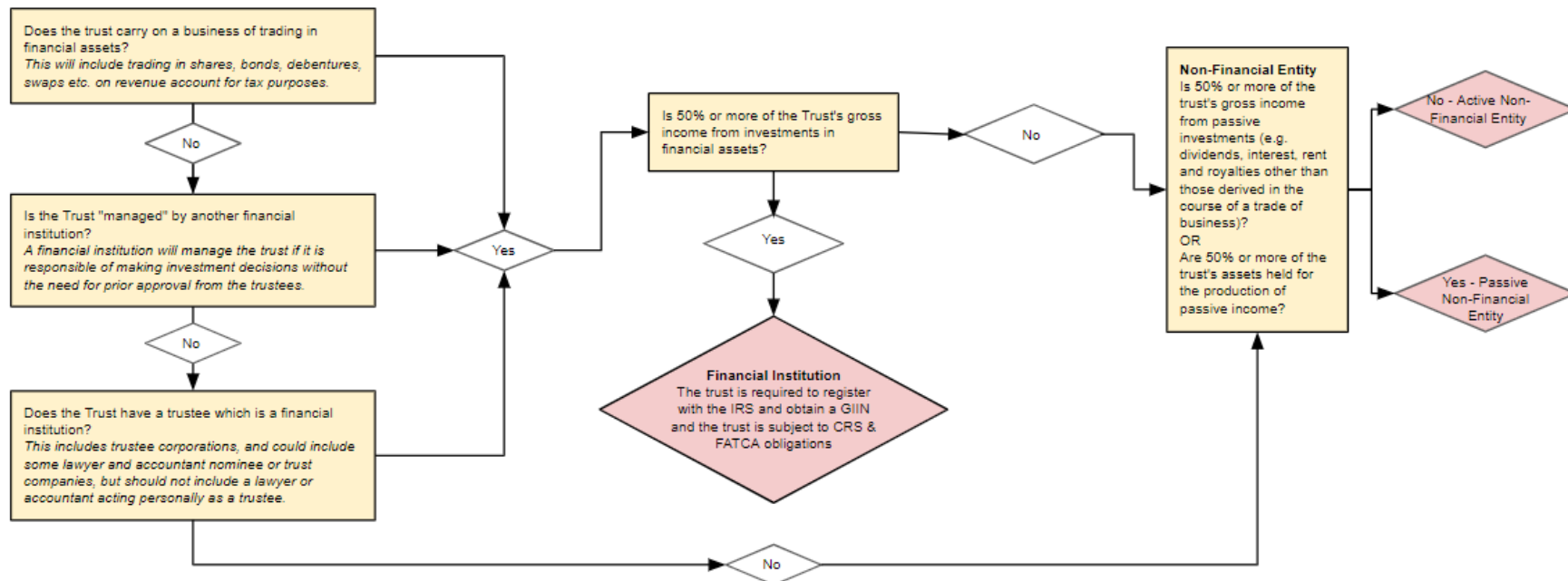
Penalty type	CRS penalties
<b>Absolute liability penalties</b>  <i>(\$4k - \$12k per offence)</i>	<ul style="list-style-type: none"><li>• Failure to keep documents</li><li>• Failure to register with foreign government</li><li>• Failure to provide information to Inland Revenue</li><li>• Failure to comply with any CRS obligation (other than failing to obtain a self-certification for a new account) can attract a penalty of \$300 per failure (capped at \$10,000 per reporting period). The penalty will not be applied if the failure was due to circumstances beyond the Reporting NZFI's control.</li><li>• Failure to obtain a required self-certification on account opening can attract a penalty of \$300 per account (capped at \$10,000 per reporting period). The penalty will not be applied if, for a transitional period ending 30 June 2019, the Reporting NZFI made reasonable efforts to meet its CRS requirements.</li></ul>
<b>Penalties for lack of reasonable care</b>	<ul style="list-style-type: none"><li>• A lack of reasonable care can be penalised by \$20,000 for the first failure and \$40,000 for subsequent failures (capped at \$100,000 per reporting period).</li></ul>
<b>Knowledge based penalties</b>  <i>(\$25,000 for first offence up to \$50,000)</i>	<ul style="list-style-type: none"><li>• Knowingly not keeping documents required by tax law</li><li>• Knowingly not providing information to the Commissioner when required to do so</li><li>• Knowingly providing altered, false, incomplete or misleading information to the Commissioner in respect of its CRS obligations</li><li>• These offences can attract a (and potential imprisonment, but unlikely in practice).</li></ul>



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## CRS and FATCA - matrix of documentation requirements – Appendix 1

### Simplified trust classification flowchart



### What is a 'retirement fund'?

A 'retirement fund' includes any of the following:

- A **KiwiSaver** scheme
- For FATCA only, a **Treaty- Qualified Retirement Fund** that is: a) established to provide retirement benefits, b) is registered under the Superannuation Schemes Act 1989, and c) is entitled to double tax relief under the NZ-US double tax agreement (i.e. if >50% of the person's beneficiaries/members are individuals resident in either NZ or the US).
- A pension fund of a Governmental Entity or International Organisation that is established to provide retirement, disability or death benefits to current or former employees
- A **Broad Participation Retirement Fund**, being a fund established to provide retirement benefits to current and former employees (of one or more employers) that:
  - Does not have a single beneficiary with a right to more than 5% of fund's assets;
  - Is subject to government regulation and provides tax information reporting to the tax authority (we consider this should be met for NZ-based retirement funds); and
  - Meets one of the following requirements:
    - Is tax exempt on investment income or the tax is deferred or at a reduced rate (we consider this should not be met for NZ-based retirement funds);
    - Receives at least 50% of its total contributions from the sponsoring employers;
    - Distributions/withdrawals allowed only upon the occurrence of retirement, disability, death, or certain rollovers to other retirement funds; or
    - Contributions are limited by reference to earned income of the employee (we consider this should be met for employee deductions) or do not exceed USD50k p.a.
- A **Narrow Participation Retirement Fund**, being a fund established to provide retirement benefits to current and former employees (of one or more employers) that:
  - Has fewer than 50 participants;
  - Is subject to government regulation and provides tax information reporting to the tax authority (we consider this should be met for NZ-based retirement funds);
  - Is sponsored by one or more employers that are not classified as Investment Entities or Passive NFEs/NFFE's under CRS or FATCA;
  - Employee and employer contributions to the fund are limited by reference to earned income and employee compensation; and
  - Participants who are resident outside of the fund's jurisdiction (where it is established) are not entitled to more than 20% of the funds assets.

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