



Automatic exchange of financial information

Due to Tax Code new provisions which came into force in 2018 and accession of Russian Federation to the Standard for Automatic Exchange of Financial Information in Tax Matters with foreign jurisdictions according to the Common Reporting Standard, clients and prospect clients are required to disclose information and documents confirming tax residence status and submit tax identification number to banks and other financial institutions (further - FIs).

Hereunder FIs **are obliged** to request such information and verify its authenticity and consistency.

Also legal entities and structures without formation of legal entity, being clients or prospect clients of FI, have to provide information about their controlling persons (beneficial owners), tax residence status and foreign tax identification number.

In case beneficiary under financial contract concluded with FI, is a third party, then client/prospect client, **has** to provide information about such beneficiary.



Obligations of the client¹



Before conclusion of financial agreement it is obligatory to fill in self-certification form offered by FI.



Existing clients as well as prospect clients intending to conclude new financial agreement with FI, **are obliged** to provide information on tax status upon request of FI as well as foreign tax identification number.

What information shall be provided by client/prospect client?

- Residence address (place of stay/ registration in foreign state;
- country (territory) of tax residence
- foreign tax identification number or its equivalent;
- confirmation of foreign tax identification number in case it differs from the established format;
- type of client's activity including information about its Active or Passive status;
- Information about controlling persons of Passive Non-Financial Company, if they are foreign tax residents.

ATTENTION! In case of any doubts concerning foreign tax residence status of client, its beneficiary and persons, directly and indirectly controlling it, it is recommended to disclose and pass detailed information to FTS, including cases of revealing the affiliation to several different foreign jurisdictions. Such identified information is passed in relation to every identified foreign jurisdiction.

Is it necessary to obtain Client's consent?

Submission of information on tax residency of a client (beneficiary) and persons, directly or indirectly controlling it to FTS by FI, does not breach Russian legislation and does not require to obtain consent from the client/prospect client.

! Special attention is paid to clients in case of tax residency of jurisdiction/country granting tax residency in exchange for investments. In case such residency is identified, FI requests additional information from client/prospect client in order to establish client's actual tax residency.

What are the consequences of refusing to provide required formation?

In case client refuses to provide information requested by FI, or submits incomplete or knowingly false information FI have right to:

- refuse to conclude financial agreement;
- unilaterally terminate the financial agreement or refuse to execute transactions made in favour or according to instructions of the client under the already concluded agreement.

Detailed formation can be found in:

1. Chapter 20.1 of the Russian Tax Code «Automatic exchange of financial information with foreign states (territories);
2. Russian Federation Government decree # 993 from 16th of June, 2018 «On realization of Automatic exchange of financial information with competent bodies of foreign states (territories)»
3. Official website of OECD (<https://www.oecd.org/tax/automatic-exchange/common-reporting-standard/>);
4. Official website of FTS (<https://340fzreport.nalog.ru/>)

¹ Point 2 of articles 142.4 of the Russian Tax Code