



# Common Reporting Standard ("CRS")

## Residence by Investment / Citizenship by Investment

### What is a CBI/RBI scheme?

"Citizenship by Investment" (CBI) and "Residence by Investment" (RBI) schemes are offered by a substantial number of jurisdictions and allow foreign individuals to obtain citizenship or temporary or permanent residence rights on the basis of local investments or for other purposes.

### What impact do CBI/RBI schemes have on CRS Reporting?

The OECD has identified jurisdictions that potentially pose a high risk to the integrity of the CRS whereby taxpayers may misuse these schemes to hide their assets offshore to avoid reporting under the CRS to other jurisdictions. This may lead to inaccurate or incomplete reporting under the CRS, in particular when not all jurisdictions of tax residence are disclosed to the RFIs. Such a scenario could arise where an individual does not actually or not only reside in the CBI/RBI jurisdiction, but claims to be resident for tax purposes only in such jurisdiction and provides the RFI with supporting documentation issued under the CBI/RBI scheme, for example a certificate of residence, ID card or passport.

### What are the responsibilities of UAE Reporting Financial Institutions (RFI) in respect of the RBI/CBI Schemes?

With respect to CBI/RBI schemes an RFI must observe and follow the below actions:

1. An RFI may not rely on a self-certification or documentary evidence if the RFI knows or has reason to know that the CRS self-certification form or documentary evidence is incorrect or unreliable.
2. In making the determination of whether an RFI has reason to know that a CRS self-certification form or documentary evidence is incorrect or unreliable, it should take into account all relevant information available to the RFI, including the results of the following CBI/RBI risk analysis undertaken by the OECD.

[\(https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/residence-citizenship-by-investment/\)](https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/residence-citizenship-by-investment/).

1. To the extent that the doubt is related to the fact that the Account Holder or Controlling Person is claiming residence in a jurisdiction offering a potentially high-risk CBI/RBI scheme, RFIs may consider raising further questions, including:
  - Did you obtain residence rights under an CBI/RBI scheme?
  - Do you hold residence rights in any other jurisdiction(s)?
  - Have you spent more than 90 days in any other jurisdiction(s) during the previous year?
  - In which jurisdiction(s) have you filed personal income tax returns during the previous year?
1. Where, taking into account all the relevant information, the facts and circumstances would lead the RFI to have reason to know that an Account Holder or Controlling Person is claiming tax residency under a CBI/RBI scheme, it should take appropriate measures to ascertain the jurisdictions of tax residence of such persons.
2. Where it becomes evident to the RFI that the account holder may be tax resident in another jurisdiction, the RFI should require the account holder to submit a valid self-certification declaring the correct jurisdiction(s) of tax residence.