Common Reporting Standard Circular

Tax Identification Number

Background

The Common Reporting Standard ("CRS") for Automatic Exchange of Information was developed by the Organisation for Economic Co-operation and Development ("OECD") to tackle tax evasion through the exchange of financial account information between jurisdictions, with the aim of identifying financial assets held by taxpayers in offshore jurisdictions.

Under the CRS, Reporting Financial Institutions are required, among other obligations, to collect and report certain financial information in respect of the financial accounts it maintains to the Competent Authority (as defined by the CRS) on an annual basis. This information is then exchanged between the Competent Authorities of CRS partner jurisdictions.

The United Arab Emirates ("UAE") has signed the Convention on Mutual Administrative Assistance in Tax Matters ("MAC"), the Declaration of Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information ("MCAA") and the Unilateral Declaration in April 2017.

Overview and Definition of a Tax Identification Number

A Tax Identification Number ("TIN") is a fundamental element of the CRS reporting framework. TINs enable CRS exchange partner jurisdictions to match financial account information received through automatic exchange to domestic taxpayer records. Missing, incomplete, invalid, or inaccurate TINs, materially reduces the effectiveness of automatic exchange of information and may result in notifications, follow-up enquiries, and supervisory action.

A TIN is a unique combination of letters and/or numbers assigned by a jurisdiction to identify an individual or entity for tax purposes. TINs vary in format, structure, and syntax across jurisdictions. Certain jurisdictions do not issue TINs but may utilize another high integrity unique identifier as a "functional equivalent" (e.g., social security number or a personal identification number).

In accordance with the CRS, UAE Reporting Financial Institutions ("RFIs") are required to collect and report the TIN(s) of:

- Reportable Individual Account Holders;
- Reportable Entity Account Holders; and
- Reportable Controlling Persons of Passive Non-Financial Entities ("Passive NFEs"), where applicable.

TIN Collection

- **Pre-existing accounts**

Pre-existing accounts are financial accounts maintained by a RFI as of 31 December 2016. Where such accounts are identified as Reportable Accounts, the RFI must use reasonable efforts to obtain any missing TIN(s), and must not consider the TIN field as optional where the jurisdiction of tax residence issues TINs to its tax residents.

Reasonable efforts must be conducted and documented at least once a year from the identification of the account as a Reportable Account, and whenever account information is updated pursuant to AML/KYC procedures, until the TIN is obtained or the account ceases to be maintained or ceases to be reportable. Reasonable efforts may include:

1. Contacting the Account Holder/Controlling Person by mail, in-person, by phone or by e-mail, requesting the TIN or a reasonable explanation as to why a TIN cannot be provided; and
2. Reviewing electronically searchable information maintained by a Related Entity of the RFI, where the RFI has applied the CRS aggregation principles set out in the CRS.

Where a TIN remains missing, the RFI must maintain an audit trail evidencing annual outreach attempts and any responses received.

Where a TIN cannot be obtained for a pre-existing account, the date of birth of individual Account Holders, and where applicable, Controlling Persons must be reported to the extent such information is held and is required to be collected under applicable AML/KYC obligations.

- **New accounts**

New accounts are financial accounts opened on or after 1 January 2017. RFIs must obtain and validate a CRS self-certification form (“Self-Certification”) upon account opening. A valid Self-Certification must include the TIN(s) for each jurisdiction of tax residence where a TIN is issued, or a reasonable explanation where a TIN is not available.

A Self-Certification can only be considered valid without a TIN if the declared jurisdiction of tax residence does not issue TINs, or if the Account Holder/Controlling Person has provided a reasonable and verifiable explanation for not having a TIN.

RFIs should not treat onboarding due diligence as complete until the Self-Certification has passed the validity and reasonableness checks described below.

- **Change in circumstances**

A change in circumstances ("CIC") includes any change that results in the addition of information relevant to an Account Holder, or where applicable, a Controlling Person's CRS status, or that conflicts with such status, including any change or addition to the Account Holder/Controlling Person's account information or to an account associated with such a person.

Where a CIC occurs, the RFI must take steps to ensure CRS information remains complete, accurate, and up to date. This includes:

- Performing outreach to obtain an updated Self-Certification form;
- Obtaining and recording updated TIN(s) where the tax residency changes or where a previously missing/invalid TIN has been obtained; and
- Updating internal records and downstream reporting systems so that CRS reporting correctly reflects the updated tax residence and associated TIN(s).

RFIs must continue to monitor for CIC on an ongoing basis. CICs may be identified as part of the ongoing due diligence obligations under the RFI’s Anti-Money Laundering (“AML”)/ Know Your Customer (“KYC”) procedures, or when an Account Holder/Controlling Person updates their address/contact details or identification documents. Failure to detect and remediate CICs on a timely basis may result in inaccurate reporting, including incorrect reportability determinations.

Validity checks and Reasonableness test

Introduction

A CRS Self-Certification that fails either the validity check or the reasonableness test must be rejected and a new Self-Certification obtained. RFIs must ensure their review processes, both at onboarding and upon a CIC, prevent the acceptance of Self-Certifications that are incomplete, inconsistent, or unsupported by a reasonable explanation. Onboarding due diligence should not be treated as complete until the Self-Certification has passed both checks.

Main aspects

a) Validity check (baseline completeness)

The validity check is focused on confirming that the CRS Self-Certification is complete; i.e., the CRS Self-Certification includes all minimum mandatory information. For TIN purposes, if a TIN is not included, the RFI must check whether:

- The jurisdiction(s) of tax residency declared by the Account Holder/Controlling Person does not issue TINs; or
- Whether the Account Holder/Controlling Person has a valid reason for not having a TIN. If the above was not collected in the Self-Certification, a new complete Self-Certification must be obtained.

b) Reasonableness Check (format and structure)

The reasonableness test is a set of checks performed by a RFI to confirm the consistency of the information provided on the CRS Self-Certification against other information obtained by the RFI in connection with the account opening and/or maintenance, including, but not limited to, AML/KYC information, documentary evidence, and account profile data. For Pre-existing High Value Individual accounts, it also includes information obtained through the annual relationship manager inquiries.

The reasonableness test is not limited to confirming that the required fields are complete; it requires the RFI to identify discrepancies or red flags and to resolve them, before considering a CRS Self-Certification as reasonable.

The reasonableness check must be conducted when a TIN is provided or is missing.

1. Where a TIN is provided:

RFIs must confirm its reasonableness including by verifying that:

- The TIN information is consistent with other information on file (e.g., tax residence, address, citizenship where relevant, and any available documentary evidence); and
- The TIN aligns with the jurisdiction-specific format and structure. (RFIs are expected to use the OECD TIN information portal as a primary reference for jurisdiction specific TIN formats and guidance.)

RFIs may also use jurisdictional tax authority validation tools, where available, and other official resources. The European Commission TIN check module might be used to verify the TIN format for natural persons.

Where RFIs maintain documentary evidence of TINs (e.g., tax cards, official letters, certificates), the RFI should compare the TIN provided on the CRS Self-Certification with the evidence on the file.

2. Where a TIN is not provided:

The Account Holder/Controlling Person must provide an acceptable reason, being any of the following:

- Reason A: The country where the Account Holder/Controlling Person is tax resident does not issue TINs to its residents;

- Reason B: The Account Holder/Controlling Person is otherwise unable to obtain a TIN or equivalent number (a clear explanation must be recorded); or
- Reason C: No TIN is required (only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction).

RFIs must assess whether the reason provided is valid and consistent with the domestic rules of the declared jurisdiction of tax residence.

In all cases, the audit trail regarding the validation and reasonableness test of a CRS Self-Certification, including conclusions related to domestic rules regarding TIN issuance and any reasonable explanation accepted, should be documented.

If the TIN does not comply with the jurisdiction-specific format/structure, the Self-Certification fails the reasonableness test. Likewise, if a TIN is not provided for a jurisdiction that issues TINs without a reasonable explanation that is verified by the RFI, the Self-Certification fails the reasonableness test.

If the CRS Self-Certification fails the validity or reasonableness tests, a new CRS Self-Certification must be obtained from the Account Holder/Controlling Person. The new Self-Certification must also undergo the validity and reasonableness checks. This process should be repeated until a valid and reasonable Self-Certification is obtained.

Policies and Procedures

RFIs must maintain written policies and procedures that clearly document how they:

- Collect TINs at onboarding for new accounts;
- Monitors and remediates CICs that impact tax residency and/or TIN information;
- Performs validity checks and reasonableness tests in all CRS Self-Certifications received, either at onboarding or due to a CIC, including format/structure checks;
- Conducts annual follow-ups for Pre-existing Accounts with missing TINs;
- Documents the validity and reasonableness check of CRS Self-Certifications, as well as annual outreaches for missing Self-Certifications and missing TINs; and
- Update internal systems and downstream reporting outputs to reflect remediated TINs.

RFIs must also maintain an audit trail sufficient to evidence that these controls operate.

Data quality and reporting expectations

A valid, correctly formatted TIN enables the receiving tax authority to link reported accounts to specific taxpayers, verify compliance, and initiate follow-up action where discrepancies are identified. Persistent reporting of missing, incorrect, or invalid TINs undermines data quality and may attract enhanced supervisory scrutiny. RFIs must treat TIN collection and validation as a core compliance obligation within their CRS control framework.

Prior to CRS filing, RFIs are expected to implement pre-submission data quality controls to identify:

- Missing TINs where reporting is required;
- TINs that do not match jurisdiction-specific format, length, or structure;
- TINs that do not align with the declared jurisdiction of tax residence; and
- Inconsistencies between tax residence information, TIN details, and AML/KYC documentation.