

Common Reporting Standard

The Common Reporting Standard (CRS) was developed by the Organization for Economic Co-Operation and Development (OECD), the G20 countries and the European Union. CRS aims to protect the integrity of tax systems by reducing tax evasion. Governments around the world are introducing new information gathering and reporting requirement for banks and other financial institutions in accordance with the international Automatic Exchange of Information (AEOI) in tax matters.

Federal Board of Revenue (FBR) of Pakistan has published a Statutory Regulatory Order (SRO) No.166 (i) dated March 15, 2017, introducing CRS into the Income Tax Rules, 2002. With this Pakistan has adopted global standard of AEOI on tax matters. Since Pakistan has adopted a wider approach, banks are required to identify and report accounts of individuals and entities that are tax residents of a foreign country. The FBR will exchange financial account information on an annual basis with the tax authorities of the jurisdiction where the account holder/ controlling person is a tax resident and will be only used for tax purposes.

Habib Metropolitan Bank Limited (HabibMetro) being a Reportable Financial Institution (RFI) as per CRS Rules is obliged to conduct due diligence related to customer tax residency for new and pre-existing account holders. This information would be based on customer details already available with the Bank and/or obtained at account opening. However, additional information/details/documentation may be requested from customers to confirm tax residency. This will include obtaining a self-certification documentation from customers.

It is necessary that customers undertake to inform the Bank of any changes in circumstances that affect their tax residency status within 30 days of such changes in circumstances for example if a customer was working in a foreign country and has returned and lived in Pakistan for 183 days or more within a tax year and vice versa. Further, the undertaking must include that all statements made by customers in relation to their tax residency status are, to the best of their knowledge, true, correct and complete.

What information will be exchanged?

Reportable information includes personal data and information concerning the reportable account. Personal data include name, address, and country of residence for tax purposes, tax identification number and date of birth of the account holder or of the beneficial owner or the controlling person. In addition, account number, total gross amount of dividends, interest and other income, total gross proceeds from sale or redemption of financial assets, and aggregate balance or value of account at the end of each calendar year are reported. Moreover, the name and identification number (where available) of the Bank are also reported.

HabibMetro is firmly committed to implementing this new global standard on tax transparency. Where necessary, customer may be requested for additional information and documentation to confirm tax residency status. The list of reportable jurisdictions is available on official web portal of FBR i.e. www.fbr.gov.pk and is kept up to date at all times.