

Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA)

In 2015, the UAE enacted Common Reporting Standard Regulations (“UAE CRS”) that applies in all UAE jurisdictions, including financial free zones such as the DIFC. DIFC subsequently enacted the Common Reporting Standards Law, DIFC Law No. 2 of 2018 (the “Law”) in relation to the information gathering and reporting obligations imposed on Reporting Financial Institutions (“RFIs”) under the Law and the Common Reporting Standards Regulations 2018(the “Regulations”, and together, the “DIFC CRS”).

Common Reporting Standards (CRS)

The DIFC CRS is administered by the Registrar of Companies (“Registrar”) for all entities subject to DIFC CRS. Reporting requirements primarily concern financial services entities that are regulated by the DFSA, but certain non-financial services entities may be required to report under the DIFC CRS as well (please refer to Q8 in the FAQs for more information)

CRS as a reporting regime covers a broad scope across three dimensions:

The scope of financial information reported.

The scope of account holders subject to reporting.

The scope of financial institutions required to report.

Foreign Account Tax Compliance Act (FATCA)

In 2010, the United States enacted FATCA to increase income tax reporting by US taxpayers on assets held in offshore accounts and through “Non-US Entities”. FATCA imposes new reporting and withholding obligations on foreign financial institutions and certain other foreign persons which must be complied with in order to avoid a 30 percent US withholding tax on certain US-source payments and “passthru” payments that such non-US persons receive. The United Arab Emirates signed Model 1 B IGA on 17th June 2015.

More information on Foreign Account Tax Compliance Act (“FATCA”) can be found in Q19 and Q20 of the FAQs.

Key points:

1. All relevant DIFC entities are required to report annually, as per the Ministry of Finance (“MOF”) requirements mid-year, via the MOF Portal in relation to both CRS and FATCA.

The [MOF Portal](#) will be available from 15 May to 30 June 2021 for DIFC firms to submit their CRS and FATCA reporting for the reporting period ending 31 December 2020.

2. DIFC Registrar of Companies has issued [Guidance](#) on DIFC CRS, explaining obligations, which entity types are or may be considered RFI and how the overall DIFC CRS aligns with international standards set by the Organization for Economic Cooperation and Development.

3. DIFC also provides on this website FAQs and helpful links to CRS and FACTA resources. While it is each DIFC entity's responsibility to determine and action their obligations under DIFC CRS in order to ensure compliance, the DIFC will provide support by conducting outreach sessions. Below are FAQs to assist with high level information about CRS in DIFC. In addition, general enquiries can be directed to info@difc.ae or via +971 (0)4 362 2222. The DIFC will not be able to provide specific advice relating to your entity or confirm whether it is required to report under DIFC CRS.

Further information on CRS and FATCA

The OECD CRS and Commentary on the CRS can be found [here](#).

The UAE CRS Guidelines can be found [here](#).

The UAE CRS Data Exchange Portal (UADEDP) User Guide can be found [here](#).

The UAE FATCA Data Exchange Portal User Guide can be found [here](#).

The DIFC CRS Guidance can be found [here](#).

More information on the CRS can be found [here](#).

The UAE FATCA Guidelines can be found [here](#).

The relevant UAE CRS and FATCA legislation can be found [here](#).

User Manual - Reporting Financial Institution can be found [here](#).

FAQs

Q1- What is Common Reporting Standard ("CRS")?

Q2- Does the UAE have CRS legislation?

Q3- Does the DIFC have CRS legislation?

Q4- Which authorities administer CRS in the UAE?

Q5- How is tax residence defined?

Q6- What are the key points of the DIFC CRS legislation to understand?

Q7- What entity types must report under the CRS?

Q8- Can a non-financial services entity be caught by the definition of Investment Entity?

Q9- Which financial services entity types are likely to meet the definition of Investment Entity?

Q10- What approach did the UAE take when implementing the OECD CRS recommendations into its legislation?

Q11- Are any account types excluded from DIFC CRS reporting requirements?

Q12- What is a Non-Reporting Financial Institution?

Q13- What are the key dates for CRS compliance in the DIFC?

Q14- What is an undocumented account?

Q15- What measures are in place to ensure RFI's comply with the DIFC CRS?

Q16- How can I report for DIFC CRS and FATCA purposes?

Q17- What are the penalties for non-compliance?

Q18- What other resources are available for information about CRS?

Q19- What is FATCA?

Q20- How is FATCA different to CRS?