

Automatic Exchange of Information Individuals

Glossary

If you would like more information on any of the definitions contained in this glossary, please contact a professional tax adviser.

Account Holder

The person listed or identified as the holder of a Financial Account. With respect to a joint account, each joint party is treated as an Account Holder.

Automatic Exchange of Information

The collective term used to summarise various financial account information exchange regimes such as FATCA and CRS.

Bearer Shares

A share is considered a bearer share where the issuer retains no record of ownership and the shares are owned by the persons holding the physical share certificates.

CRS (Common Reporting Standard)

Regulations which stem from the OECD's initiative to implement a global model of tax information and financial account information exchange between Participating Jurisdictions. The UK is one of over 90 Participating Jurisdictions, of which more than 50 introduced CRS from 1 January 2016. These regulations require Financial Institutions such as Coutts to obtain certain tax information disclosures and classifications from all clients. For individuals, this includes tax residence(s) and tax number(s).

Domicile

This is usually defined as permanent legal residence. However, in the context of tax rules for certain countries, where you are domiciled can also have an impact on how you are taxed. The rules around determining domicile for tax purposes are complex, so if you need further understanding of this area we recommend you speak with a professional tax adviser.

FATCA (Foreign Account Tax Compliance Act)

Regulations which require Financial Institutions such as Coutts to obtain certain tax information disclosures and classifications from all clients. The aim is to identify US Persons, or certain entities with Controlling Persons who are US Persons. In the UK, FATCA came in to effect on 1 July 2014. For individuals, the information required includes a declaration of US status.

Financial Account

An account maintained by a Financial Institution such as Coutts and includes: Depository Accounts; Custodial Accounts; Equity and Debt interests in certain Investment Entities; Cash Value Insurance Contracts; and Annuity Contracts.

HMRC (His Majesty's Revenue & Customs)

The body responsible for tax administration and collection in the UK.

International Tax Compliance Regulations 2015

Regulations which enact FATCA and CRS into UK law.

Investable assets

Liquid assets such as cash, equities, bonds and redeemable life policies.

Key Terms

- a) UK Long Term Resident (UK Tax Resident Journey): UK resident for at least 10 years in the last 20 tax years
- b) UK Qualifying New Resident (UK Tax Resident Journey): UK resident for less than 4 years and prior to becoming a UK resident, you were not a UK resident for at least 10 tax years
- c) UK Long Term Resident (Non-UK Tax Resident Journey): Previously a UK resident for 10 tax

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years and is still subject to UK Inheritance Tax (IHT) on worldwide assets

OECD

Organisation for Economic Co-operation and Development.

Participating Jurisdiction

A CRS Participating Jurisdiction is a country where a commitment is in place to implement CRS. The full list of Participating Jurisdictions can be found on the OECD's website.

Remittance Basis

The Remittance Basis is an alternative tax treatment that is available to individuals who are resident but not domiciled in the UK and have foreign income and gains. If you are taxable on the remittance basis you are liable to UK tax on your UK source income and gains and on any remittances of foreign income and gains to the UK.

Tax Avoidance

Tax Avoidance involves bending the rules of the tax system to gain a tax advantage that the relevant legislator never intended. It often involves contrived, artificial transactions that serve little or no purpose other than to produce a tax advantage. It involves operating within the letter, but not the spirit, of the law. In the United Kingdom Tax Avoidance schemes must be registered with HMRC. Users must notify HMRC of their participation in such schemes and must provide the Scheme Reference Number on their tax return.

Tax Compliance

Being tax compliant involves filing tax returns, declaring all relevant income and gains and paying the correct taxes in all applicable jurisdictions. It involves paying the right tax at the right time.

Tax Number (including 'functional equivalent')

A unique combination of letters and/or numbers assigned by a jurisdiction to a taxpayer for the purpose of administering the tax laws of such jurisdiction.

Some jurisdictions do not issue a tax number. These jurisdictions often utilise a 'functional equivalent'. Examples of this for individuals include a social security/insurance number, citizen/personal identification number and resident registration number. A functional equivalent may be required in the absence of a tax number.

Tax Residence

The definition of Tax Residence can be complex and varies from country to country. In general, this will be the countries in which an individual or Entity may be deemed resident, based on the Tax Residence rules for those countries. Where our clients are unsure about their Tax Residence, we strongly recommend they speak with a professional tax adviser.

For Automatic Exchange of Information purposes a trust will generally be considered resident in the country in which one or more of its trustees are resident.

Undeclared tax liabilities

Tax due under applicable tax law which was not paid and reported by the due date to the relevant tax authority.

This document is based on our understanding of the current tax law and practice and is not intended to constitute definitive tax advice.

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