Changes to legislation: *The International Tax Compliance Regulations 2015 is up to date with all changes known to be in force on or before 28 April 2022. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

STATUTORY INSTRUMENTS

2015 No. 878

TAXES

The International Tax Compliance Regulations 2015

Made - - - -	*24th March 2015*
Laid before the House of Commons - - - -	*25th March 2015*
Coming into force - -	*15th April 2015*

The Treasury make these Regulations in exercise of the powers conferred by section 136 of the Finance Act 2002 [F1] and section 222(1), (2) and (3) of the Finance Act 2013 [F2]:

F1 2002 c. 23.
F2 2013 c. 29.

Introductory

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the International Tax Compliance Regulations 2015 and come into force on 15th April 2015.

(2) These Regulations have effect for and in connection with the implementation of obligations arising under the agreements and arrangements listed in paragraph (3) and apply separately in relation to each of those agreements or arrangements except where the context otherwise requires.

(3) The agreements and arrangements are—

[F3](a) . . . . . .

[[F4](b) the following arrangements relating to the CRS—

(i) the arrangements entered into, **[**[F5]at **[**[F6]20th April 2021**]]**, by the United Kingdom with another territory for the exchange of tax information for the purposes of the adoption and implementation of the CRS; [F7]...

[F8](ii) . . . . . .**]**

(c) the agreement reached between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America to improve international tax compliance and to implement FATCA, signed on 12th September 2012 [F9] ("the FATCA agreement").

[F10(3A) In these Regulations, "the CRS" means the common reporting standard for automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development **[**F11, including the commentary on the common reporting standard**].]**

(4) These Regulations have effect from—

(a) 1st January 2016 in relation to F12... the CRS, and

(b) 15th April 2015 in relation to the FATCA agreement.

(5) In these Regulations, a reference to "relevant agreement" means such agreement or arrangement referred to in paragraph (3) as the context requires, as that agreement or arrangement has effect from time to time.

[F13(5A) For the purposes of these Regulations—

(a) "financial institution" has the same meaning in relation to the FATCA agreement as it does in section 1.1471-5(e)(1)(i)-(iv) of the US Treasury Regulations, and

(b) "investment entity" has the same meaning in relation to the FATCA agreement as it does in the US Treasury Regulations.**]**

(6) Any expression which is defined in a relevant agreement but not in section 222 or 235 of FA 2013 or in these Regulations has the same meaning in these Regulations as in the relevant agreement.

F3 Reg. 1(3)(a) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(2)(a)(i)**

F4 Reg. 1(3)(b) substituted (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **3(1)**

F5 Words in reg. 1(3)(b)(i) substituted (16.5.2019) by The International Tax Compliance (Amendment) Regulations 2019 (S.I. 2019/881), **regs. 1**, 2(2)

F6 Words in reg. 1(3)(b)(i) substituted (14.5.2021) by The International Tax Compliance (Amendment) Regulations 2021 (S.I. 2021/485), regs. 1, **2(2)**

F7 Word in reg. 1(3)(b)(i) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(2)(a)(ii)**

F8 Reg. 1(3)(b)(ii) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(2)(a)(ii)**

F9 That agreement, as signed on that date, is contained in a Command Paper published by the Stationery Office Ltd with the title "Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA" (Cm 8445, 2012); the Command Paper is available on the Official Documents website at http://www.official-documents.gov.uk/document/cm84/8445/8445.pdf.

F10 Reg. 1(3A) inserted (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **3(2)**

F11 Words in reg. 1(3A) inserted (31.12.2020) by The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(2)(b)**

F12 Words in reg. 1(4)(a) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(2)(c)**

F13 Reg. 1(5A) inserted (20.11.2015) by The International Tax Compliance (Amendment) Regulations 2015 (S.I. 2015/1839), regs. 1, **2(2)**

Meaning of "reportable account"

2.—(1) In these Regulations, a "reportable account" means—

(a) an account which is a reportable account within the meaning of the relevant agreement,

(b) in relation to a reporting financial institution under [F14]... the CRS, an account that is a pre-existing entity account with an account balance or value that does not exceed US$250,000 as of 31st December 2015, [F15]...

[[F16](ba) in relation to a reporting financial institution under the CRS, an account meeting the description at Section III(A) of the CRS, and**]**

(c) in relation to a reporting financial institution under the FATCA agreement, an account meeting the description at paragraph II.A, III.A or IV.A of Annex I of the agreement.

(2) But—

(a) in relation to a reporting financial institution under [F17]... the CRS, an account listed as an excluded account in Schedule 2 is not a reportable account,

(b) in relation to a reporting financial institution under the FATCA agreement, an account is not a reportable account if—

(i) the account holder is deceased or is a personal representative (within the meaning of section 989 of ITA 2007),

(ii) the account is held to comply with an order or judgment made or given in legal proceedings, or

(iii) the funds held in the account are held solely as security for the performance of a party's obligation under a contract for the disposal of an estate or interest in land or of tangible moveable property, and

[[F18](c) in relation to a reporting financial institution—

(i) for the purposes of [F19]... the CRS, a dormant account (other than an annuity contract) with a balance that does not exceed US$1,000, or

(ii) an account within **[**[F20]paragraph (1)(b), (ba) or (c)**]**,

is not a reportable account for a calendar year if there is an election by the institution which has effect for that year to treat all such accounts, or a clearly identified group of such accounts, as not being reportable accounts.**]**

(3) An election under paragraph (2)(c) must be made for each calendar year for which the election is to have effect in the return required by regulation 6 for that year.

(4) The reporting financial institution must apply the account balance aggregation and currency rules in the relevant agreement for the purposes of determining whether an account maintained by the institution is within paragraph (1)(b) or (c).

(5) The account balance aggregation and currency rules are—

[F21](a) . . . . . .

(b) in Section VII.C of the CRS, and

(c) in paragraph VI.C of Annex I to the FATCA agreement.

(6) In applying the account balance aggregation and currency rules for the purposes of a relevant agreement and these Regulations, an account balance that has a negative value is treated as having a nil value.

(7) In determining the balance or value of an account denominated in a currency other than US dollars for the purposes of a relevant agreement and for the purposes of paragraph (1)(b) or (c), the institution must translate the relevant dollar threshold amounts into the other currency by reference to the spot rate of exchange on the date for which the institution is determining the threshold amounts.

(8) For the purposes of a relevant agreement and these Regulations, an account held by an individual as a partner of a partnership is treated as an entity account and is not treated as an individual account.

[F22(9) An account is a dormant account if—

(a) the account holder has not initiated a transaction with regard to the account or any other account held by the account holder with the reporting financial institution in the previous three years,

(b) the account holder has not communicated with the reporting financial institution regarding the account or any other account held by the account holder with the reporting financial institution in the previous six years,

(c) the account is treated as a dormant account under the reporting financial institution's normal operating procedures, and

(d) in the case of a cash value insurance contract, the reporting financial institution has not communicated with the account holder regarding the account or any other account held by the account holder with the reporting financial institution in the previous six years.**]**

F14 Words in reg. 2(1)(b) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(3)(a)**

F15 Word in reg. 2(1)(b) omitted (17.5.2017) by virtue of The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **4(1)(a)**

F16 Reg. 2(1)(ba) inserted (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **4(1)(b)**

F17 Words in reg. 2(2)(a) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(3)(a)**

F18 Reg. 2(2)(c) substituted (20.11.2015) by The International Tax Compliance (Amendment) Regulations 2015 (S.I. 2015/1839), regs. 1, **2(3)**

F19 Words in reg. 2(2)(c) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(3)(a)**

F20 Words in reg. 2(2)(c)(ii) substituted (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **4(2)**

F21 Reg. 2(5)(a) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(3)(b)**

F22 Reg. 2(9) inserted (20.11.2015) by The International Tax Compliance (Amendment) Regulations 2015 (S.I. 2015/1839), regs. 1, **2(4)**

Obligations in relation to financial accounts

Due diligence requirements

3.—**[**F23(1) A reporting financial institution must establish and maintain arrangements that are designed to identify in respect of a financial account—

(a) the territory in which an account holder or a controlling person is resident for the purposes of—

(i) income tax,

(ii) corporation tax, or

(iii) any tax imposed by the law of that territory that is of a similar character to either of those taxes, and

(b) whether it is a reportable account.

(2) A reporting financial institution must comply with paragraph (1) by applying the due diligence procedures set out in the relevant agreement.

(2A) A reporting financial institution must keep a record of—

(a) the steps taken to comply with this regulation, and

(b) the information collected in the course of identifying the matters referred to in paragraph (1).

(2B) A reporting financial institution must keep the records required by paragraph (2A) for a period of—

(a) in respect of an account identified as a reportable account, five years beginning with the end of the year in which the account is last included in a return made under regulation 6(1), or

(b) in respect of an account which is not a reportable account, five years beginning with the end of the last year in which the reporting financial institution relied upon the due diligence procedures to treat the account as not being a reportable account.**]**

(3) The due diligence procedures are—

F24(a) . . . . . .

[F25(b) in relation to a reporting financial institution under the CRS, set out in Sections II to VII of the CRS **[**F26and the alternative procedure provided in the optional provision in paragraph 13 of the commentary to Section VII of the CRS**],]**

(c) in relation to a reporting financial institution under the FATCA agreement, set out in Annex I to that agreement.

[F27(4) F28. . . . . .

F29(4A) . . . . . .

(4B) Where a provision of the CRS does not specify a deadline for the requirements of that provision to be satisfied **[**F30that deadline is—

(a) in Section VIII(B)(8)(b) (qualified credit card issuer), Section VIII(C)(10) (new account) and Section VIII(C)(17)(f)(ii) (excluded accounts), 1 January 2016,

(b) in Section VIII B(9)(d) (exempt collective investment vehicle), 1 January 2018, and

(c) in all other cases, 31 December 2015.**]]**

(5) In applying the due diligence procedures, accounts within **[**F31regulation 2(1)(b), (ba) and (c)**]** in respect of which no election under regulation 2(2)(c) has been made are treated as new accounts or pre-existing accounts as the case may be.

F23 Reg. 3(1)-(2B) substituted for reg. 3(1)(2) (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **5(1)**

F24 Reg. 3(3)(a) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(4)(a)**

F25 Reg. 3(3)(b) substituted (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **5(2)**

F26 Words in reg. 3(3)(b) inserted (31.12.2020) by The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(4)(b)**

F27 Reg. 3(4)-(4B) substituted for reg. 3(4) (17.5.2017) by The International Tax Compliance (Amendment) Regulations 2017 (S.I. 2017/598), regs. 1(1), **5(3)**

F28 Reg. 3(4) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(4)(c)**

F29 Reg. 3(4A) omitted (31.12.2020) by virtue of The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(4)(c)**

F30 Words in reg. 3(4B) substituted (31.12.2020) by The International Tax Compliance (Amendment) (No. 2) (EU Exit) Regulations 2020 (S.I. 2020/1300), regs. 1, **2(4)(d)**