

TECHNICAL

Direct Taxation

LHDNM: COMMON REPORTING STANDARD FOR THE AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

Objective

The Common Reporting Standard ("CRS") was developed by the Organisation for Economic Cooperation and Development ("OECD") to put a global model of automatic exchange of information (AEOI) into practice for the purpose of tax compliance. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions.

Under the CRS, Malaysian Financial Institutions ("MYFIs") are required to collect and report to the Inland Revenue Board of Malaysia ("LHDNM"), financial account information on non-residents. LHDNM will exchange this information with the participating foreign tax authorities of those non-residents.

More than 100 jurisdictions have committed to exchange the CRS information. Malaysia has committed to exchange the CRS information from 2018 and would also be receiving financial account information on Malaysian residents from other countries' tax authorities. This will help ensure that residents with financial accounts in other countries are complying with their domestic tax laws and act as a deterrent to tax evasion.

Legislation

CRS obligations are imposed on MYFIs through the operation of the following Rules and Regulations:

- [Income Tax \(Automatic Exchange of Financial Account Information\) Rules 2016 \[P.U. \(A\) 355/2016\]](#) (as reported in our [e-CTIM TECH-DT 20/2017](#) dated 3 March 2017);
- [Income Tax \(Automatic Exchange of Financial Account Information\) \(Amendment\) Rules 2017 \[P.U. \(A\) 403/2017\]](#) (as reported in our [e-CTIM TECH-DT 99/2017](#) dated 29 December 2017); and
- [Labuan Business Activity Tax \(Automatic Exchange of Financial Account Information\) Regulations 2018 \[P.U. \(A\) 20/2018\]](#) (as reported in our [e-CTIM TECH-DT 19/2018](#) dated 6 March 2018).

Timelines

Subject	Timeline
Pre-existing Accounts cut-off date	30 June 2017
New account	Opened on or after 1 July 2017
Determination date whether Pre-existing Individual Account meet the high value threshold (exceeds USD1,000,000)	30 June 2017, 31 December 2017 and 31 December of subsequent calendar years
Determination date whether Pre-existing Entity Account meet the threshold for review (exceeds USD250,000)	30 June 2017, 31 December 2017 and 31 December of subsequent calendar years
Review of Pre-existing High Value Individual Account must be completed by	30 June 2018
Review of Pre-existing Lower Value Individual Account must be completed by	30 June 2019
Review of Pre-existing Entity Accounts must be completed by	30 June 2019
Reporting to LHDNM	<p>31 July 2018*</p> <p>31 July 2019*</p> <p>30 June 2018 and 30 June of subsequent years</p> <p>*Reporting for 2018 and 2019 for all accounts extended to 31 July to be in line with the special provision for Pre-existing Individual Accounts reporting requirement</p>

Special provision for Pre-existing Individual Account

- Pre-existing Individual Accounts that are high value accounts on 30 June 2017 must be reviewed by 30 June 2018 and if identified as Reportable must be reported to IRBM by 31 July 2018.
- Pre-existing Individual Account that was low value as at 30 June 2017 but meets the high value threshold as at the determination date of 31 December 2017 must be reviewed by 31 December 2018 and reported by 31 July 2019.

- Pre-existing Individual Accounts that are low value accounts on 30 June 2017 must be reviewed by 30 June 2019. However, for any Pre-existing Individual Accounts identified as reportable by 31 December 2017, they must be reported by 31 July 2018. Accounts identified reportable from 1 January 2018 to 30 June 2019 should be reported by 31 July 2019.

Other CRS Information

Information on reportable jurisdiction, list of participating jurisdiction, reporting of CRS information, tax residency and relevant links to the OECD's portal on CRS can be found in the LHDNM's [website](#).

The LHDNM has also uploaded the following CRS information on its [website](#): -

- [CRS XML Schema](#) – (updated as at March 2018);
- [CRS User Guide \(XML Schema\) Ver 2.0](#);
- [CRS Guidance Notes](#) – (updated as at 1 June 2018);
- [CRS Registration](#) – (updated as at May 2018);
- [CRS Data Preparation Guide](#) – (updated as at April 2018);
- CRS Data Preparation Guide Ver 3.1 (please refer directly to [LHDNM website](#) link, which requires a password to access);
- [CRS XML File Sample](#) – (updated as at May 2018);
- [CRS F.A.Q.](#) – (updated as at June 2018); and
- [CRS Registration User Manual](#).

Contact

For any enquiry regarding CRS, members may send their questions to crs@hasil.gov.my.

Members may read the above CRS information in full on the [LHDNM's website](#).

Members may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the above matters so that we may raise them to the LHDNM.

Disclaimer

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