


A magnifying glass with a black handle and frame is positioned over a document. The document contains various numbers and text, some of which are magnified by the lens. The background is a dark, textured blue.

Family Office CRS Reporting

Zac Lucas, Partner, Spencer West LLP

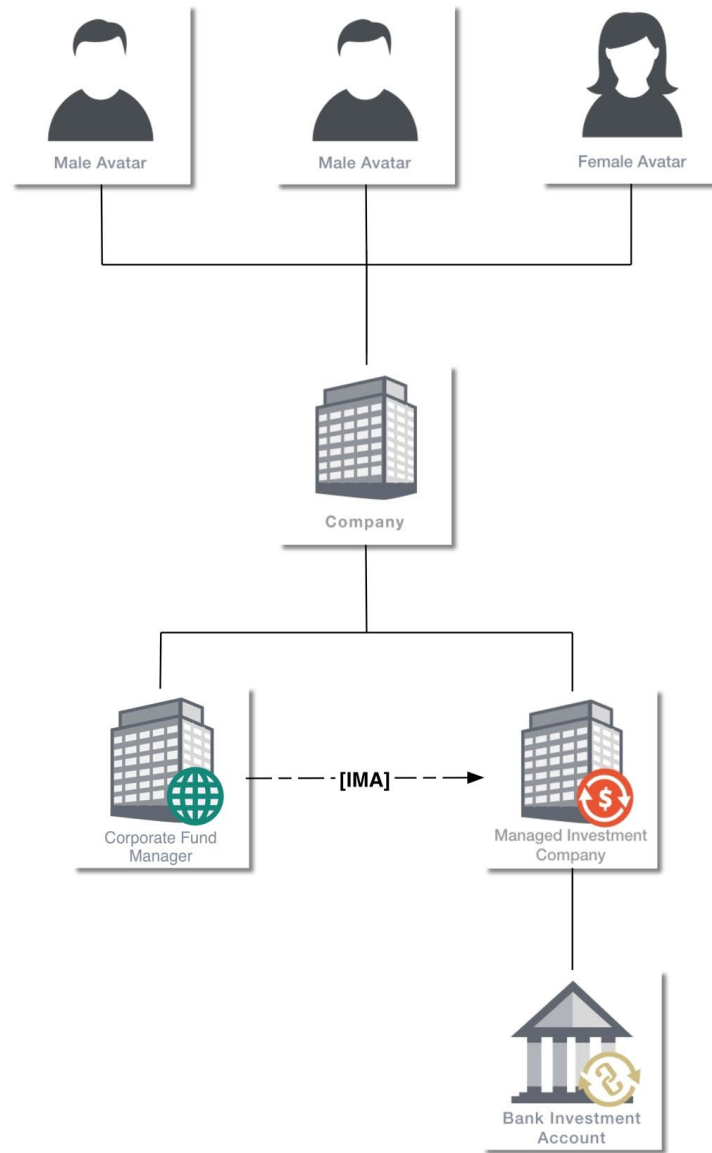
zac.lucas@spencer-west.com

Agenda

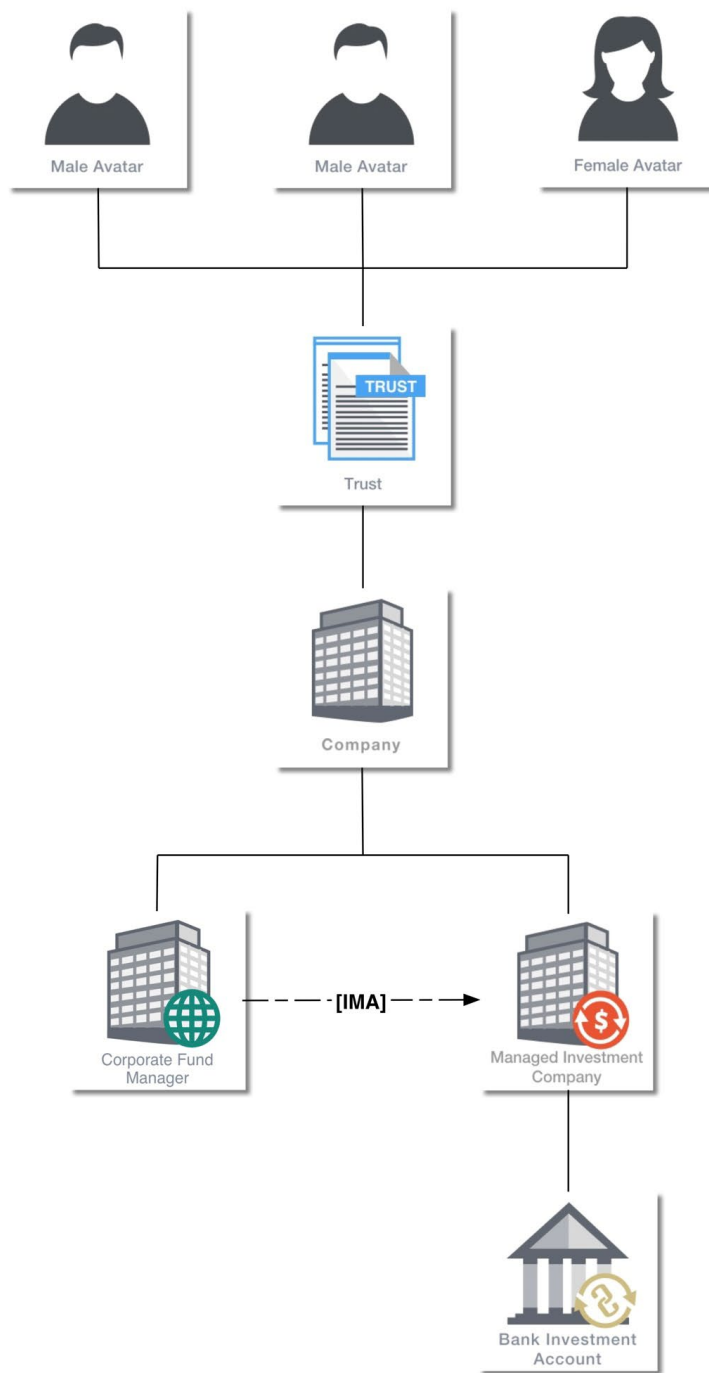
- Reporting Overview
- Reporting Errors
- Anti-Avoidance
- Audit Assessment
- CRS Amendments 

Overview

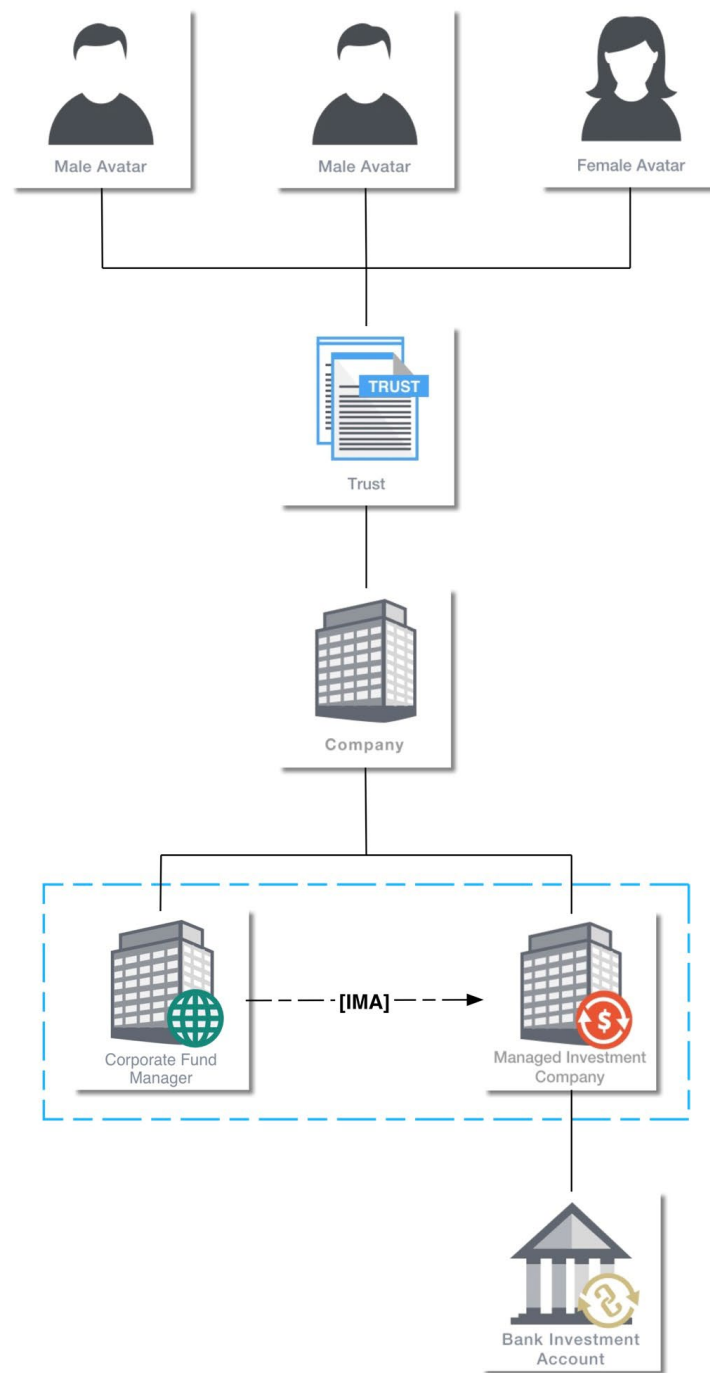
Standard Corporate Family Office



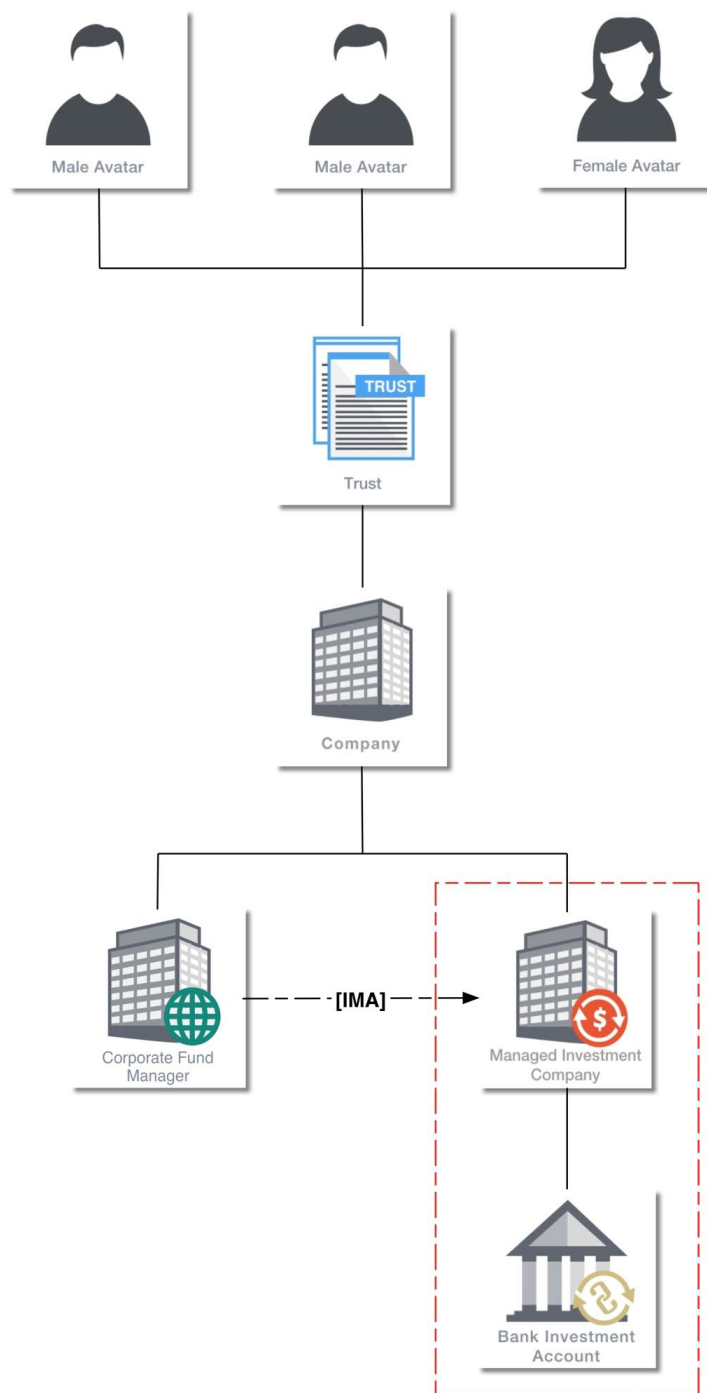
Family Office Trust



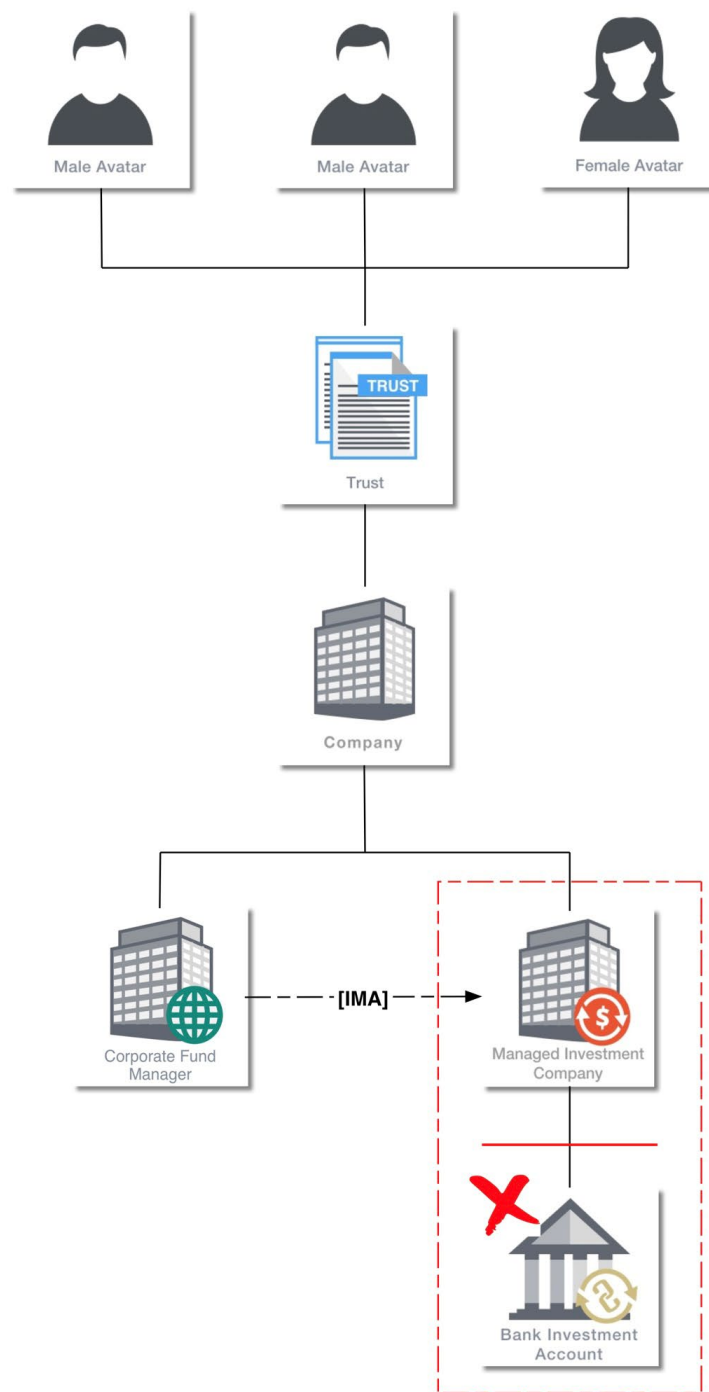
Discretionary Portfolio Management



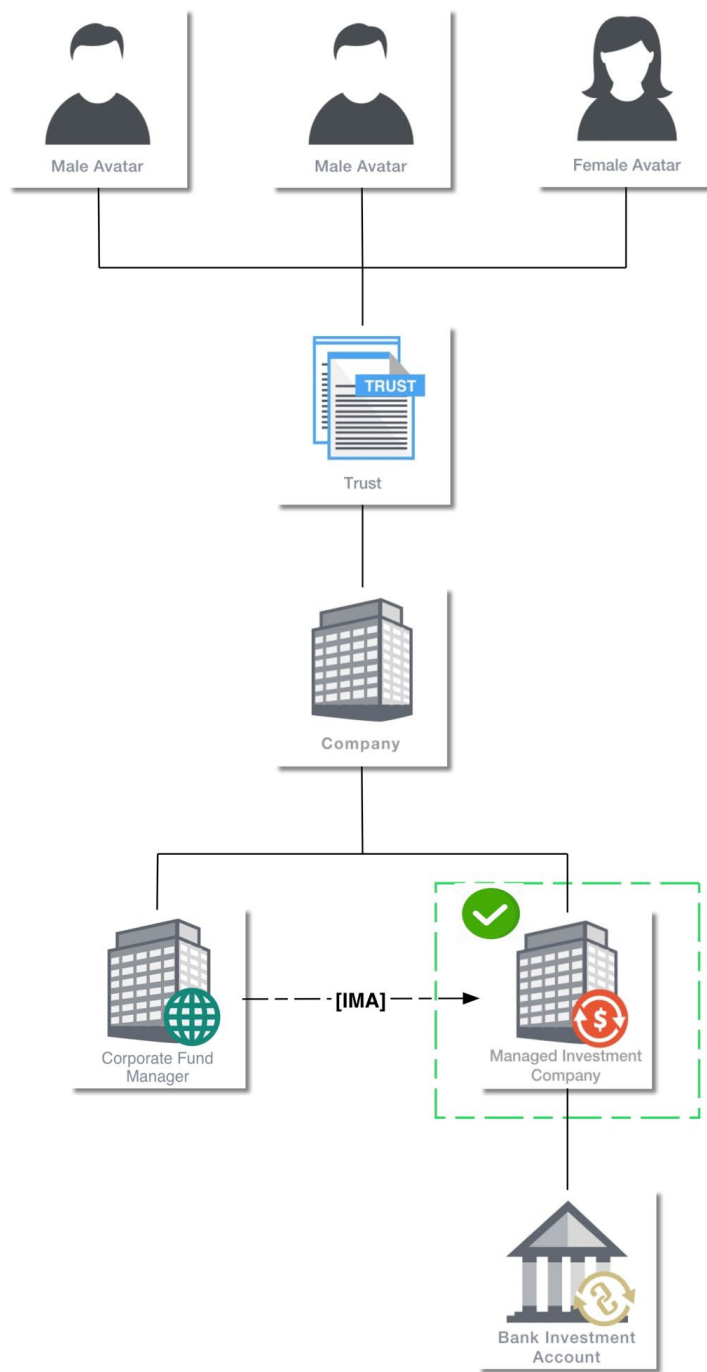
Fund Company and CRS Bank Interaction



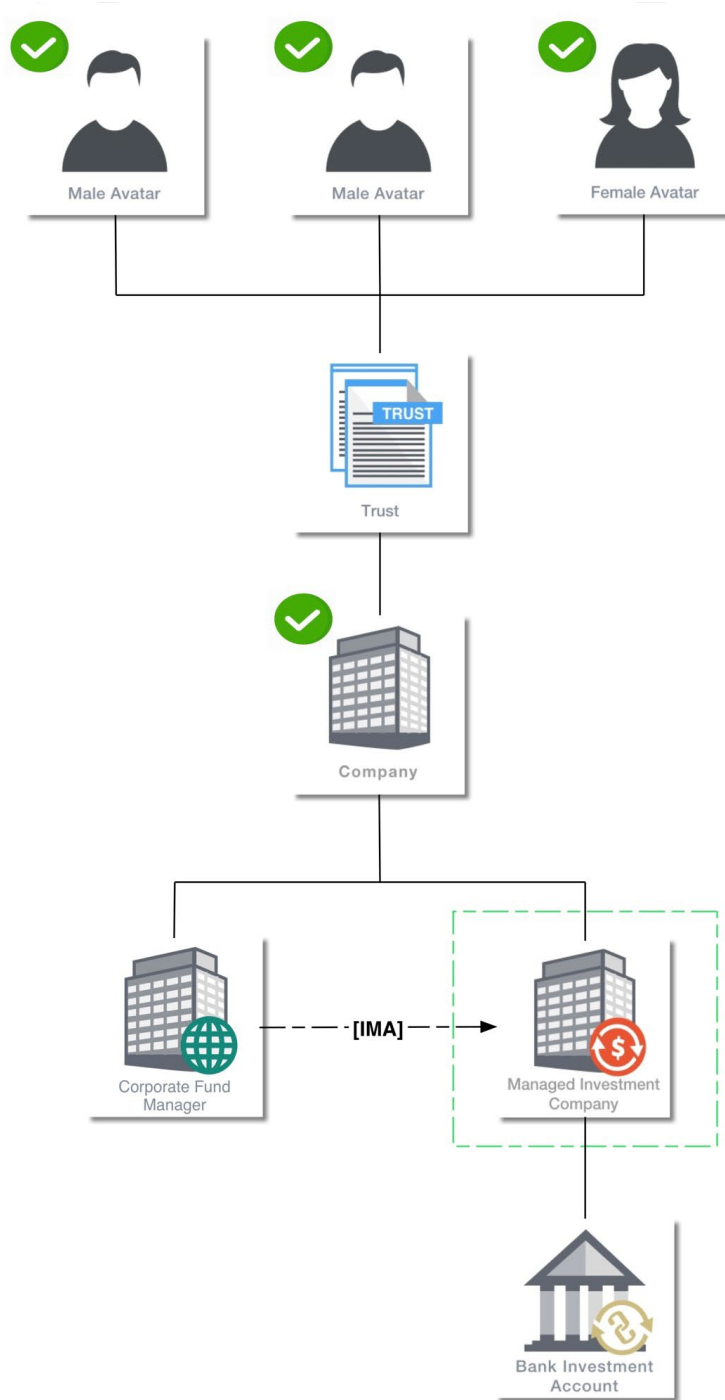
Fund Company "Financial Institution"



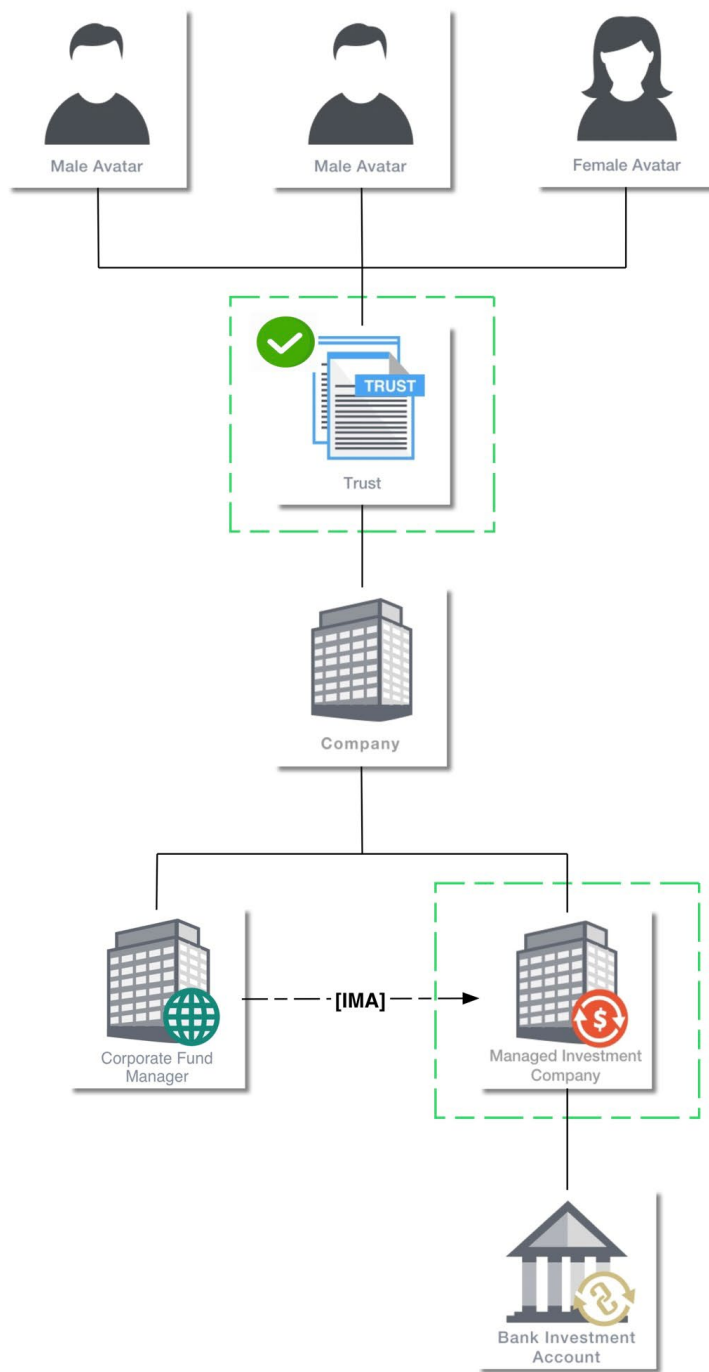
Fund Company Reporting Priority



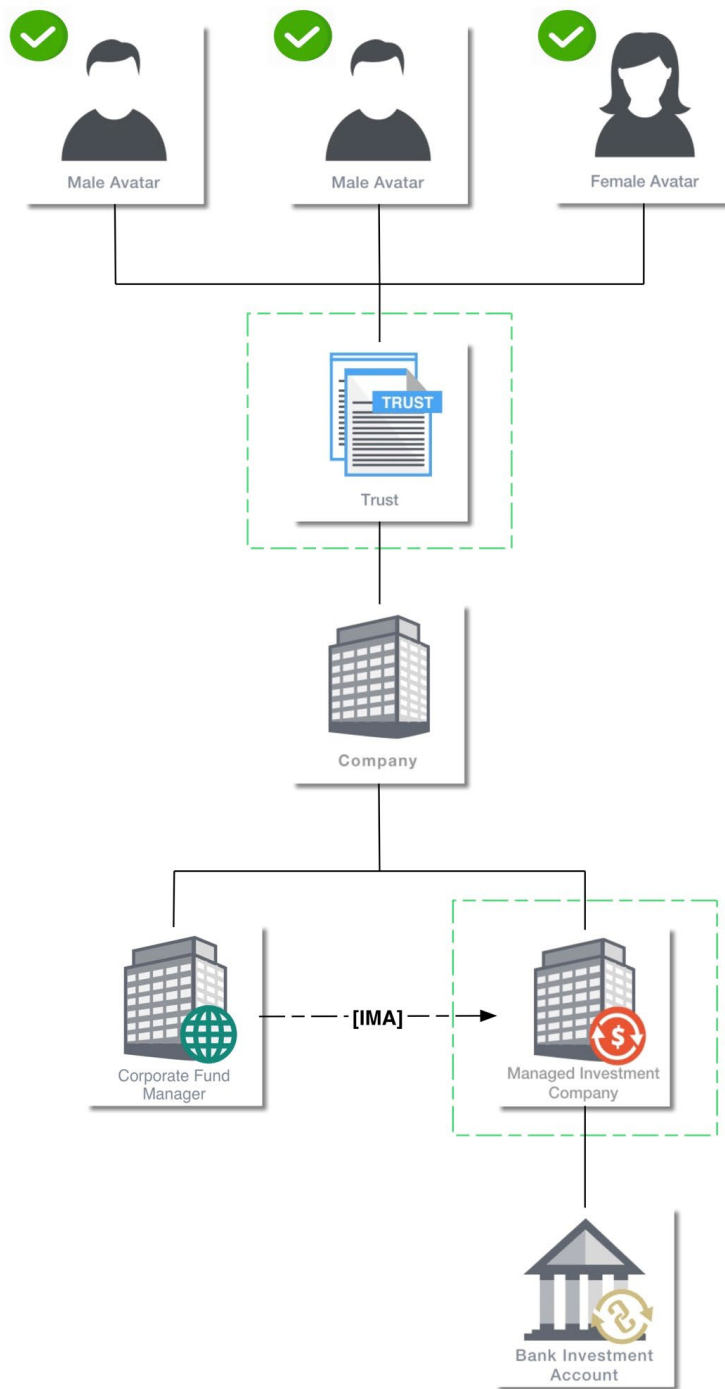
Reportable Parties (Controlling Persons)



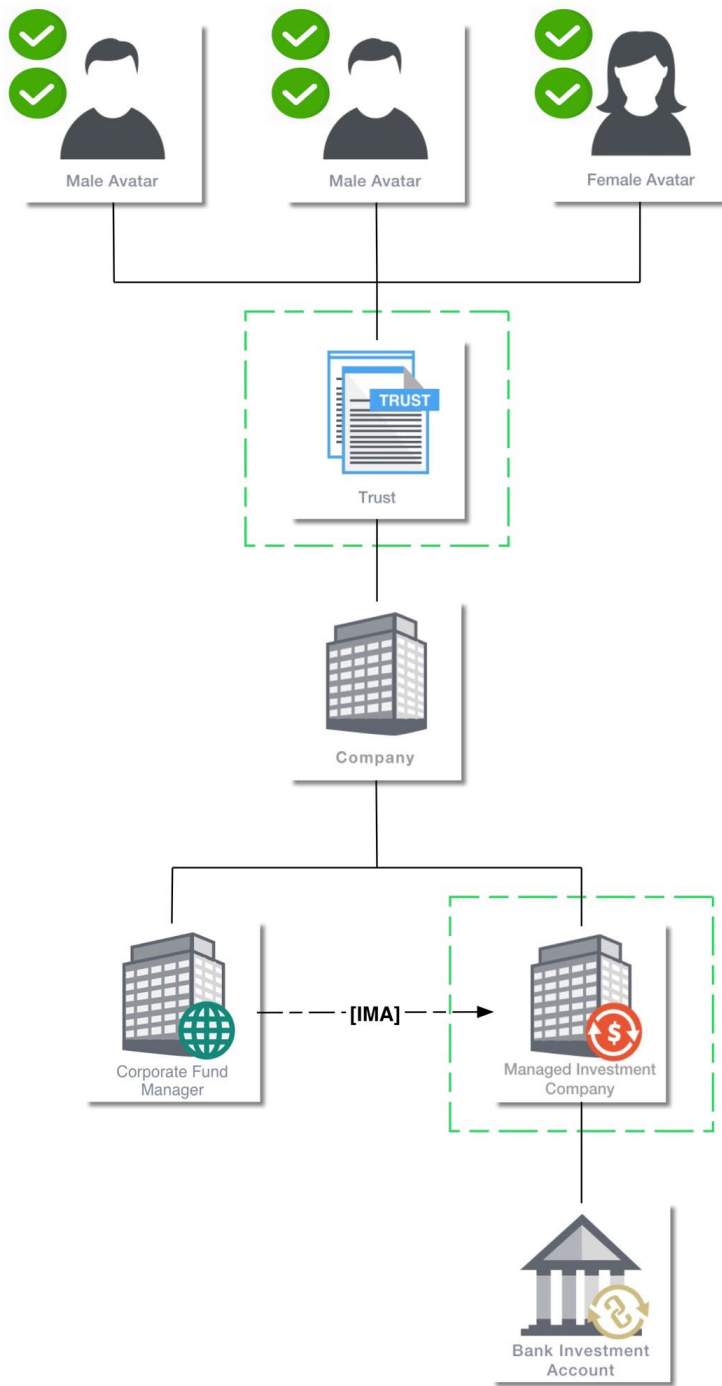
Family Office Trust CRS Status



Family Office Trust Reportable Accounts



Double Reporting Outcome

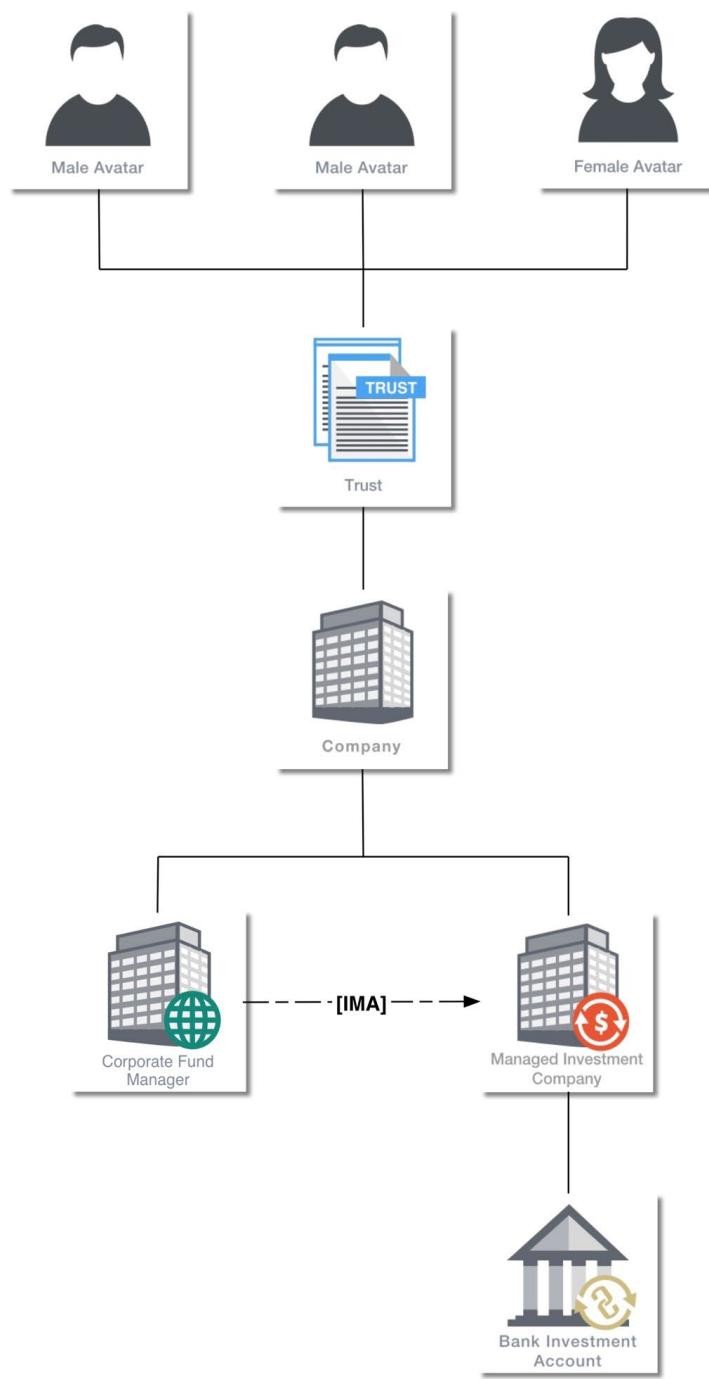


Reporting Errors

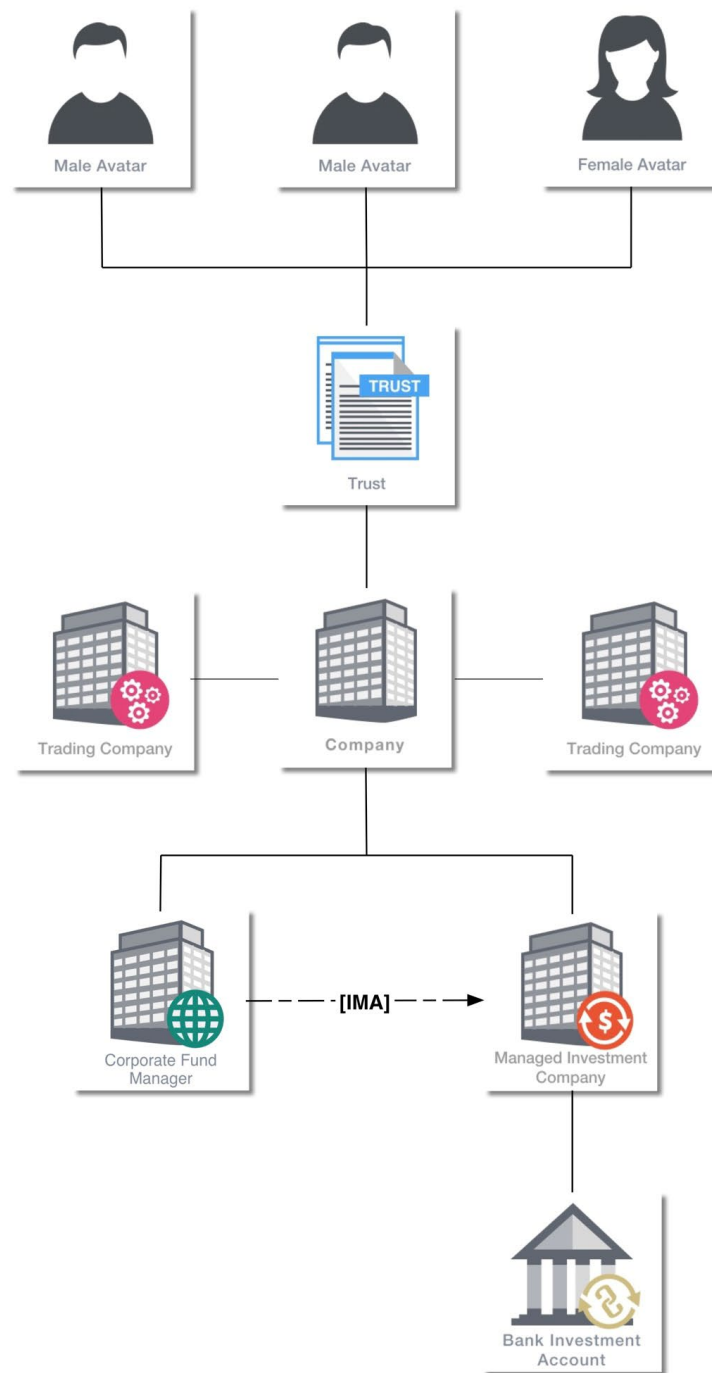
Reporting Errors

- Enveloped Family Office Reporting
- Reserved Power Trust Reporting →

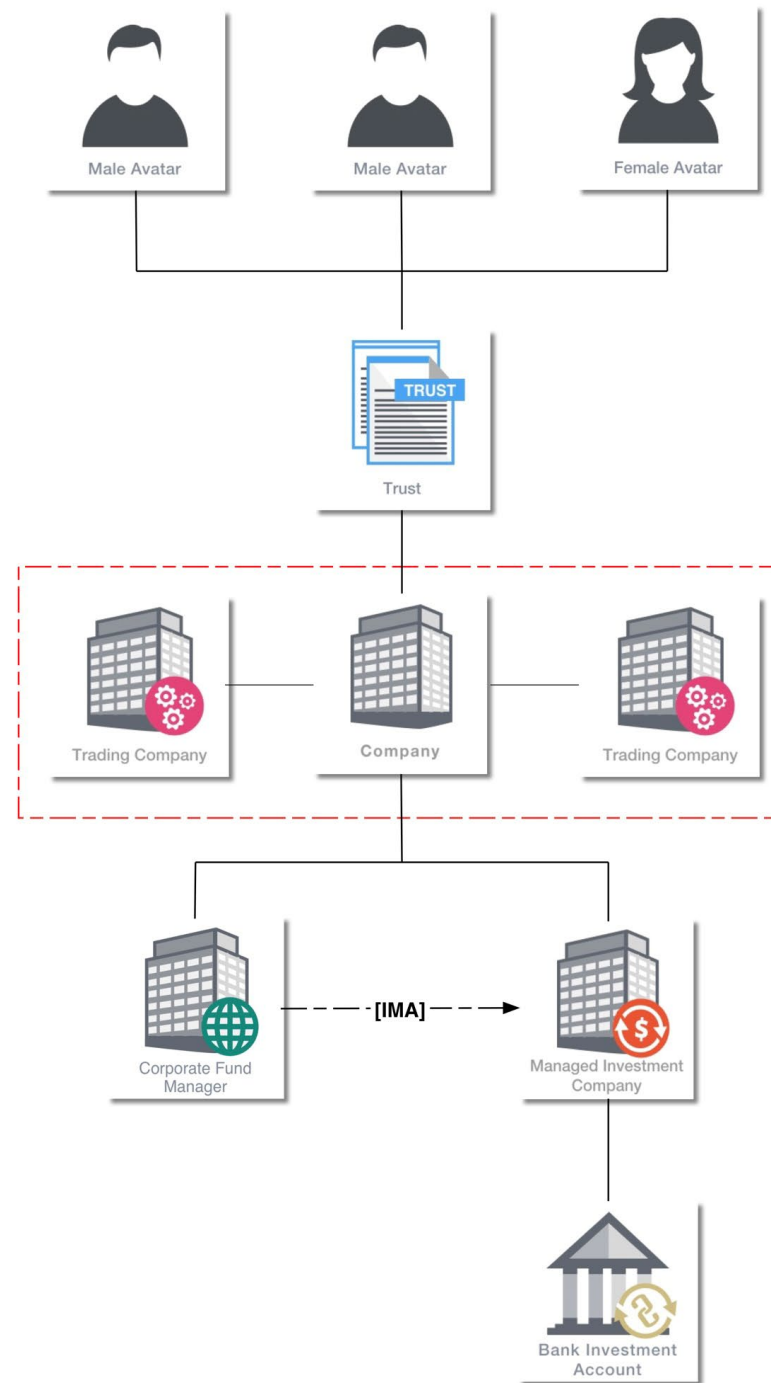
Standard Family Office Structure



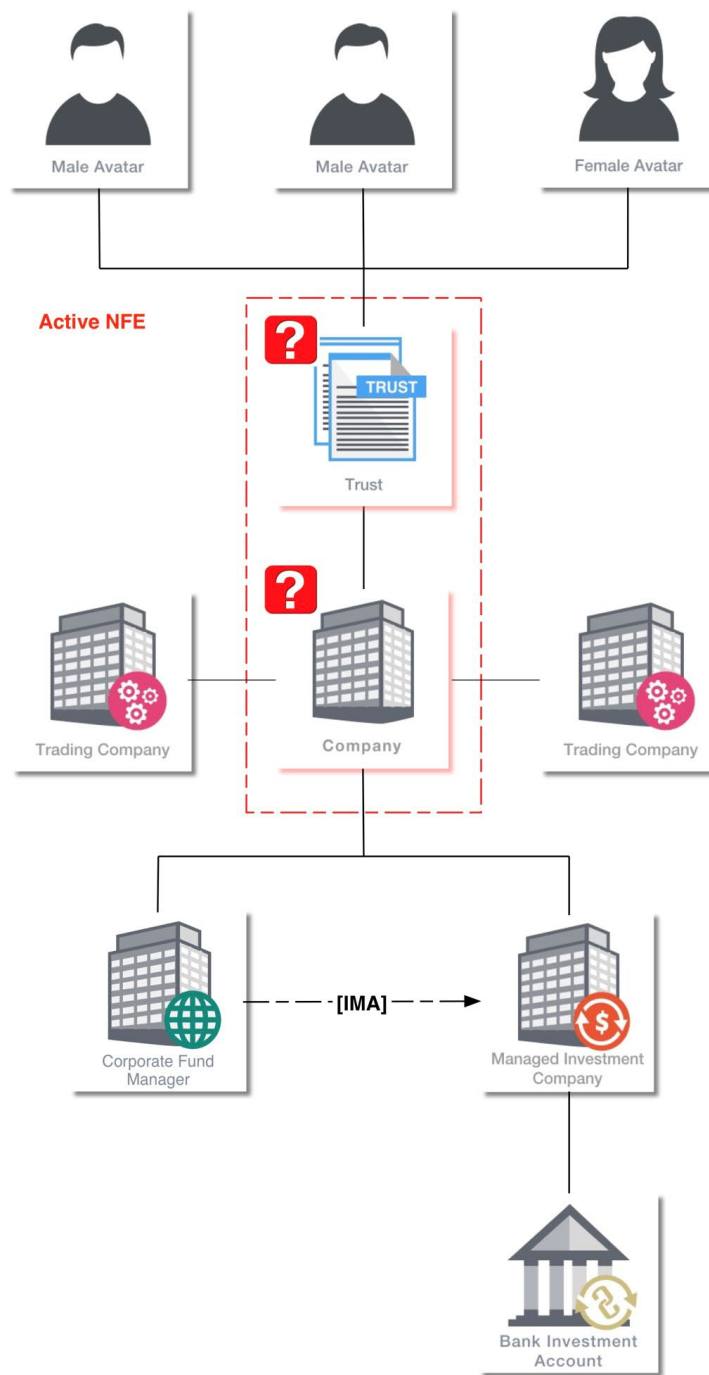
Family Trading Subsidiaries



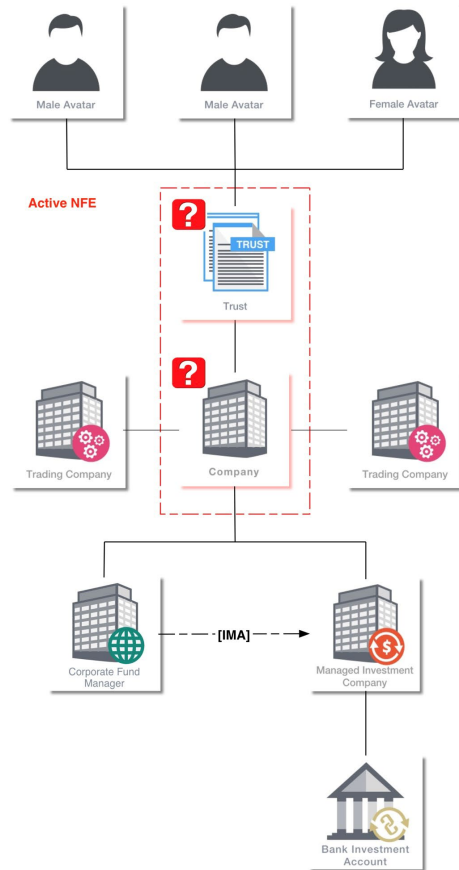
“Enveloped” Family Office Structure



CRS Reporting Implications?

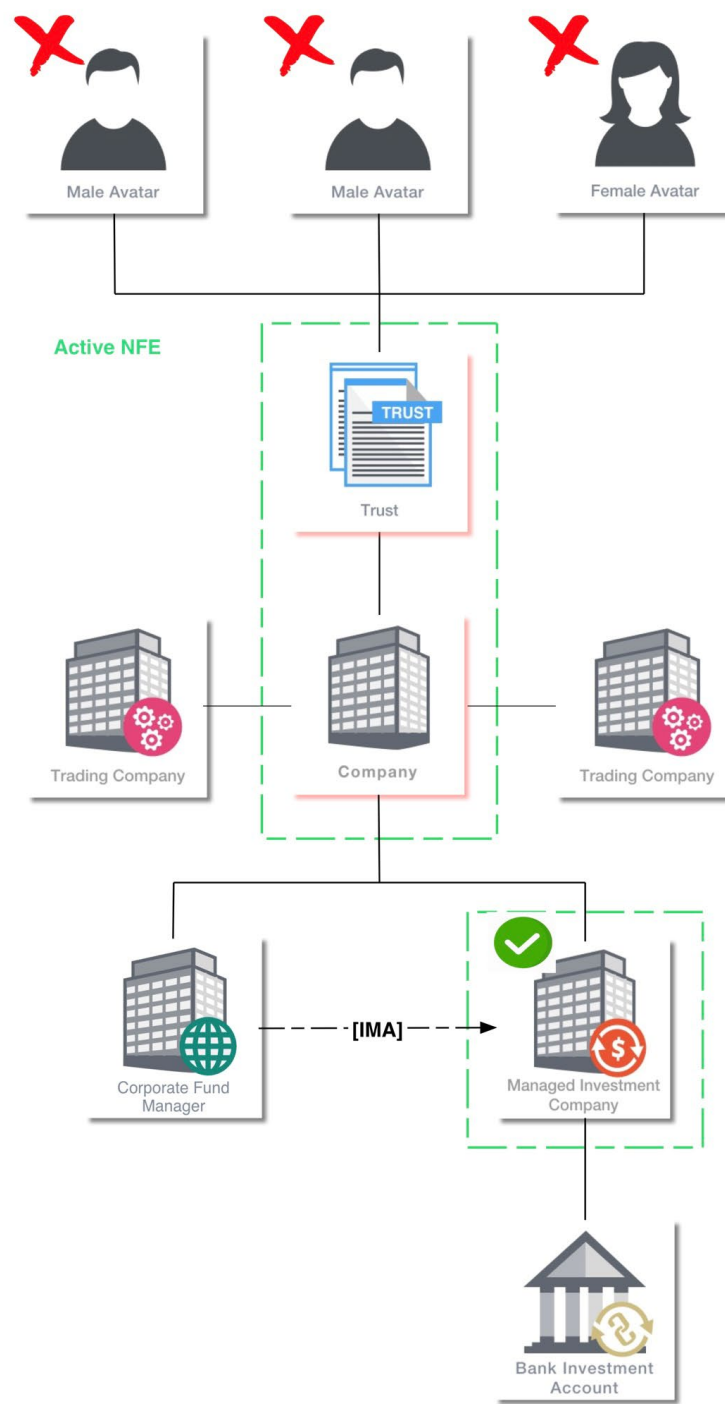


Deemed Active NFE

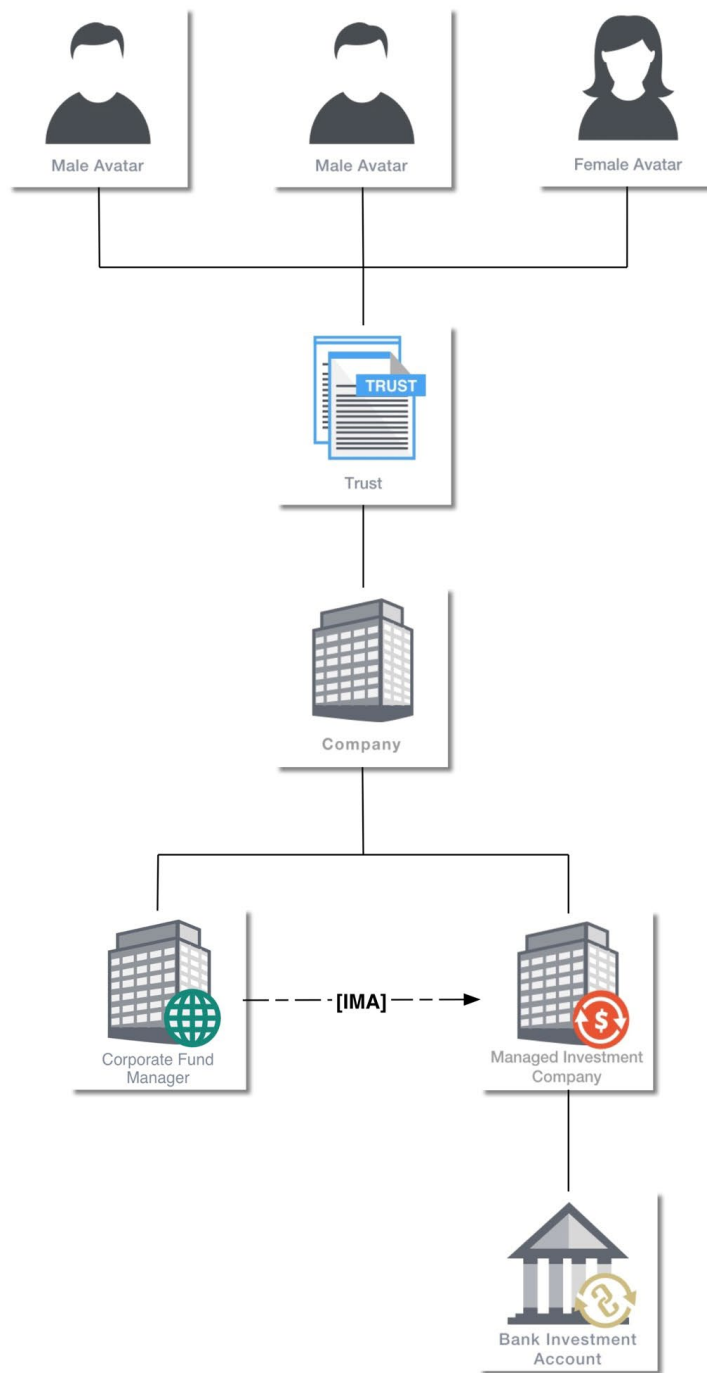


- CRS Section VIII D. 9(d)
- “Holding NFEs”
- More than 80% of activities relates to holding or providing financing or services to trading subsidiaries
- More than 80% Capital?
- More than 80% Income
- More than 80% Both? →

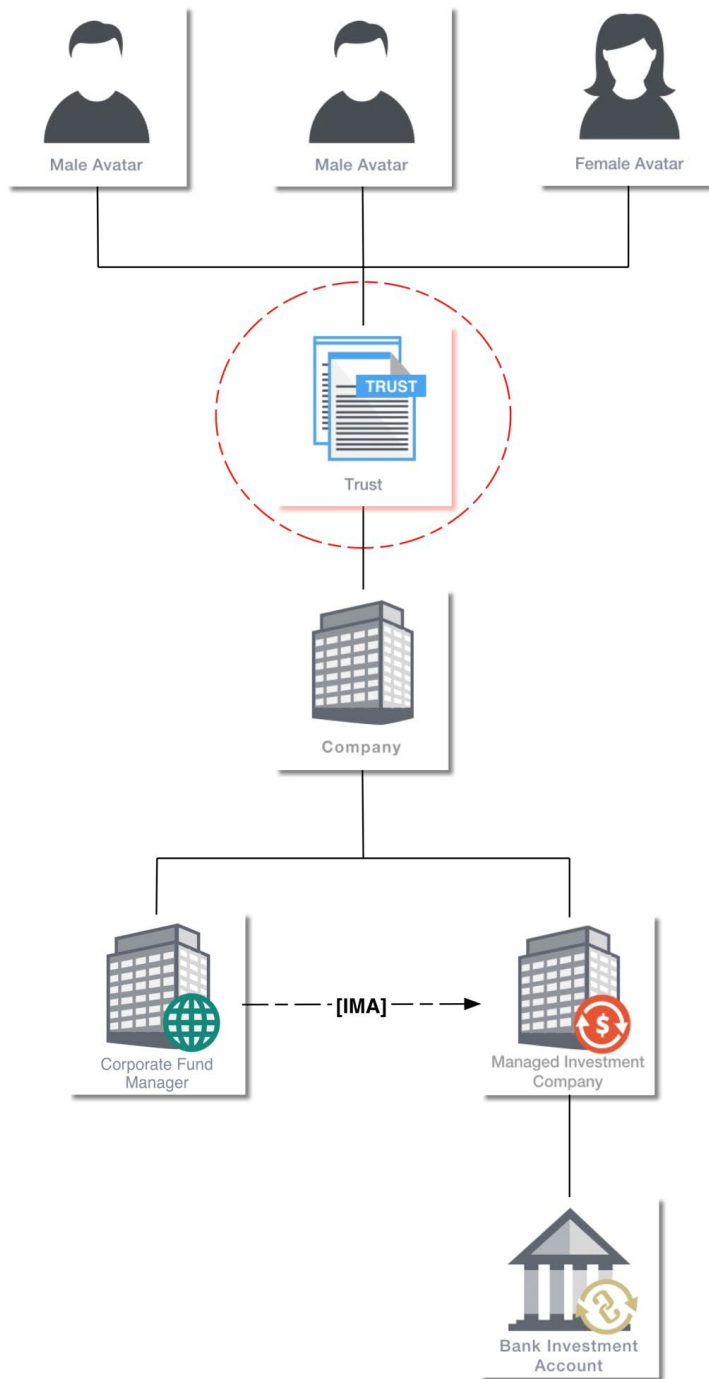
Controlling Persons Non-Reporting



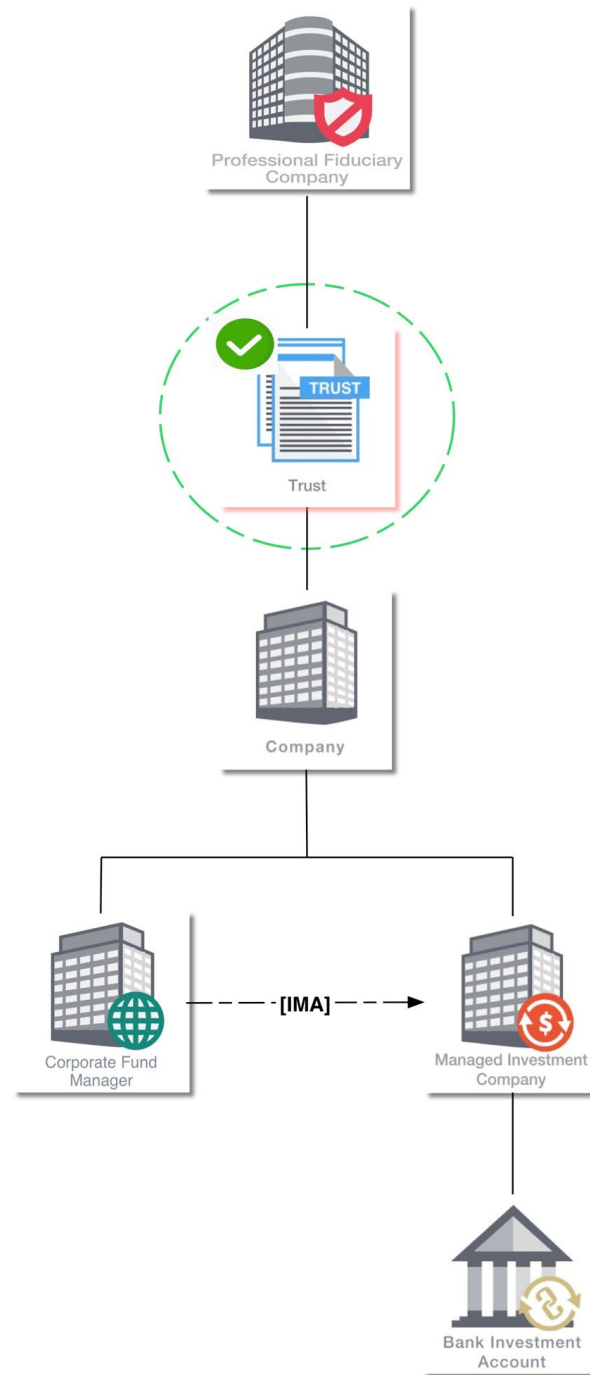
Standard Family Office Structure



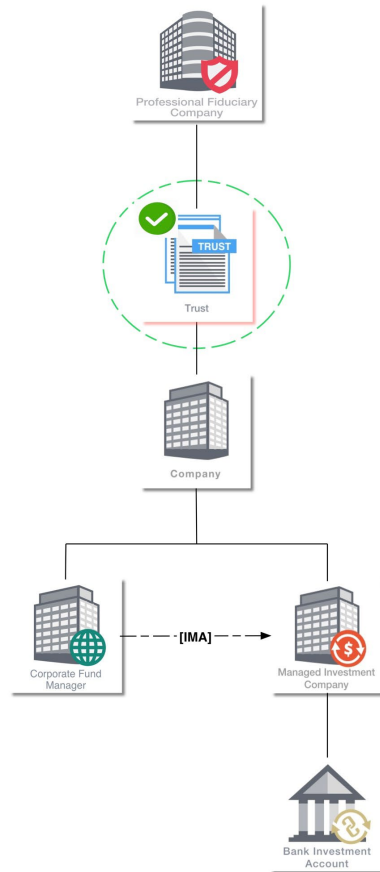
Family Office Trust CRS Status



Financial Institution Status?

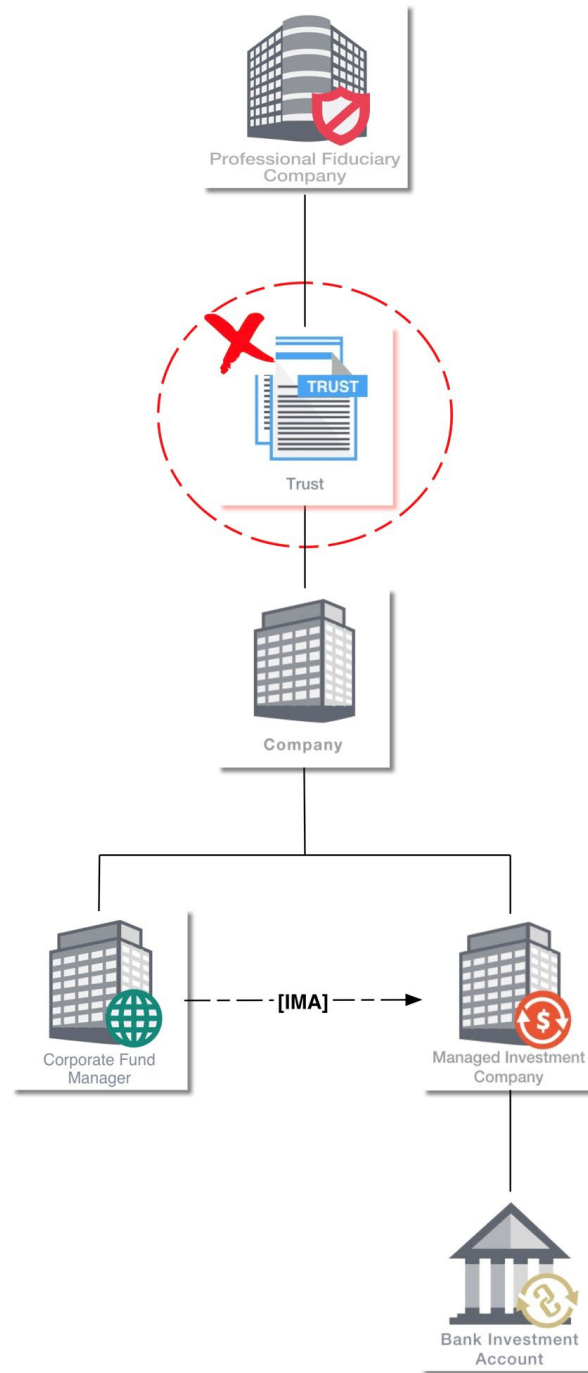


Criteria Requirements

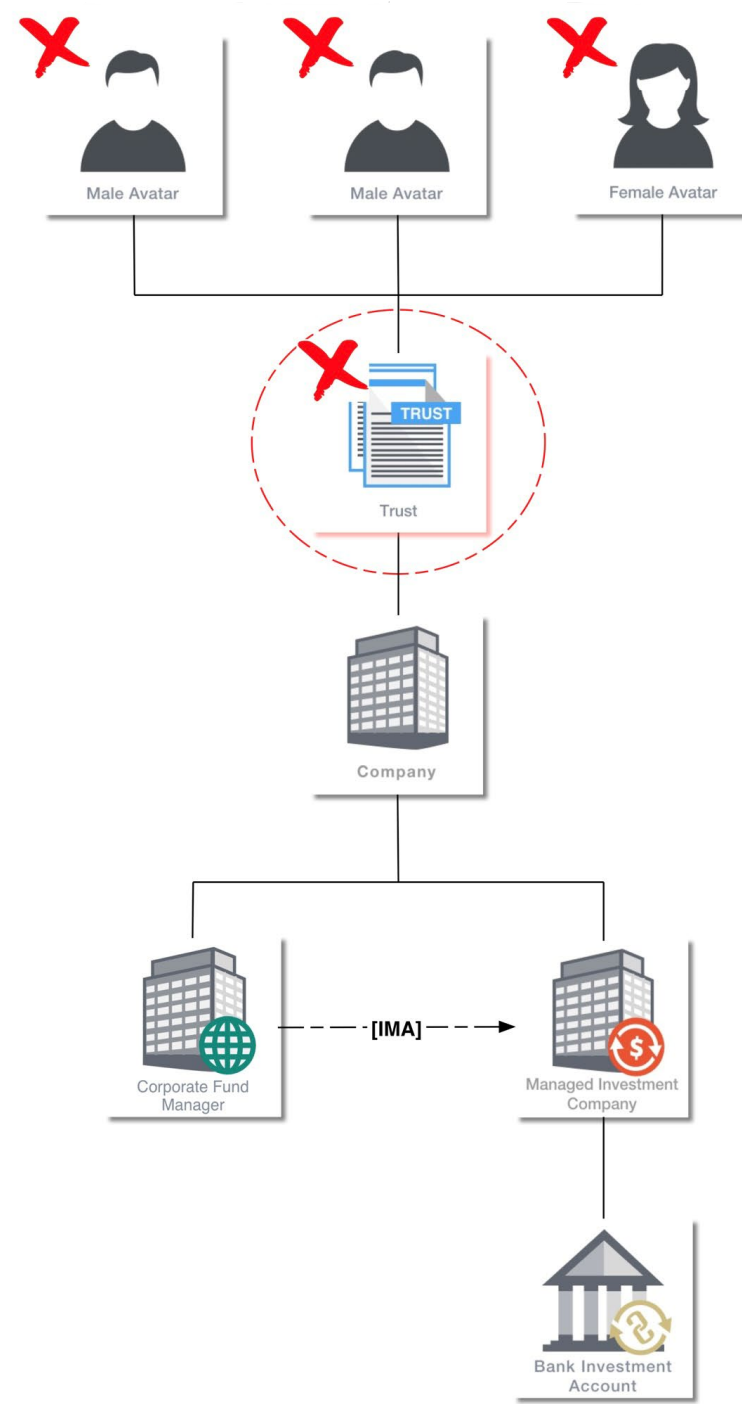


- Trust holds Financial Assets
- Trust Receives Income (>50% investment related)
- Trust's Financial Assets Managed By Financial Institution (Trustee)
- Trustee Qualifies as Investment Entity
- **Key Failures:**
 - No Income
 - No Discretionary Management (Settlor Reserved Powers Trust) →

Financial Institution Criteria **Not Met**



Non-Reporting Outcome

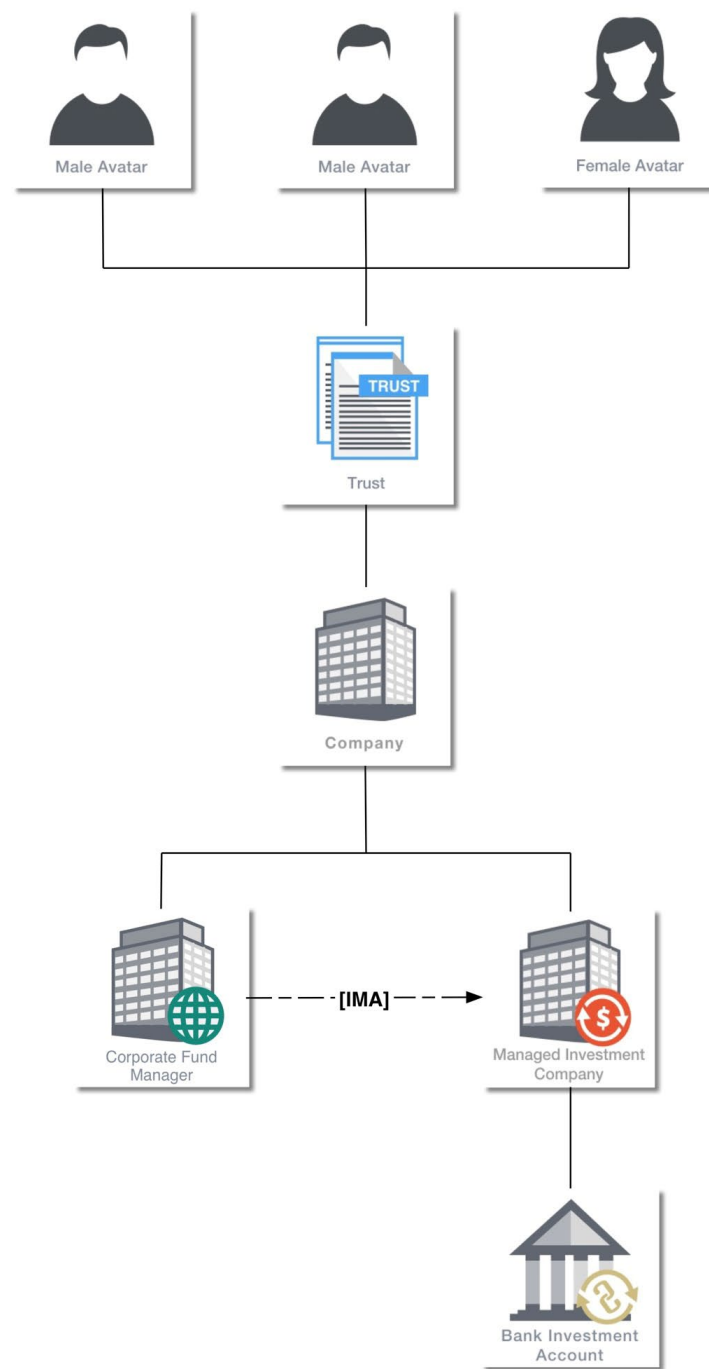


Anti-Avoidance

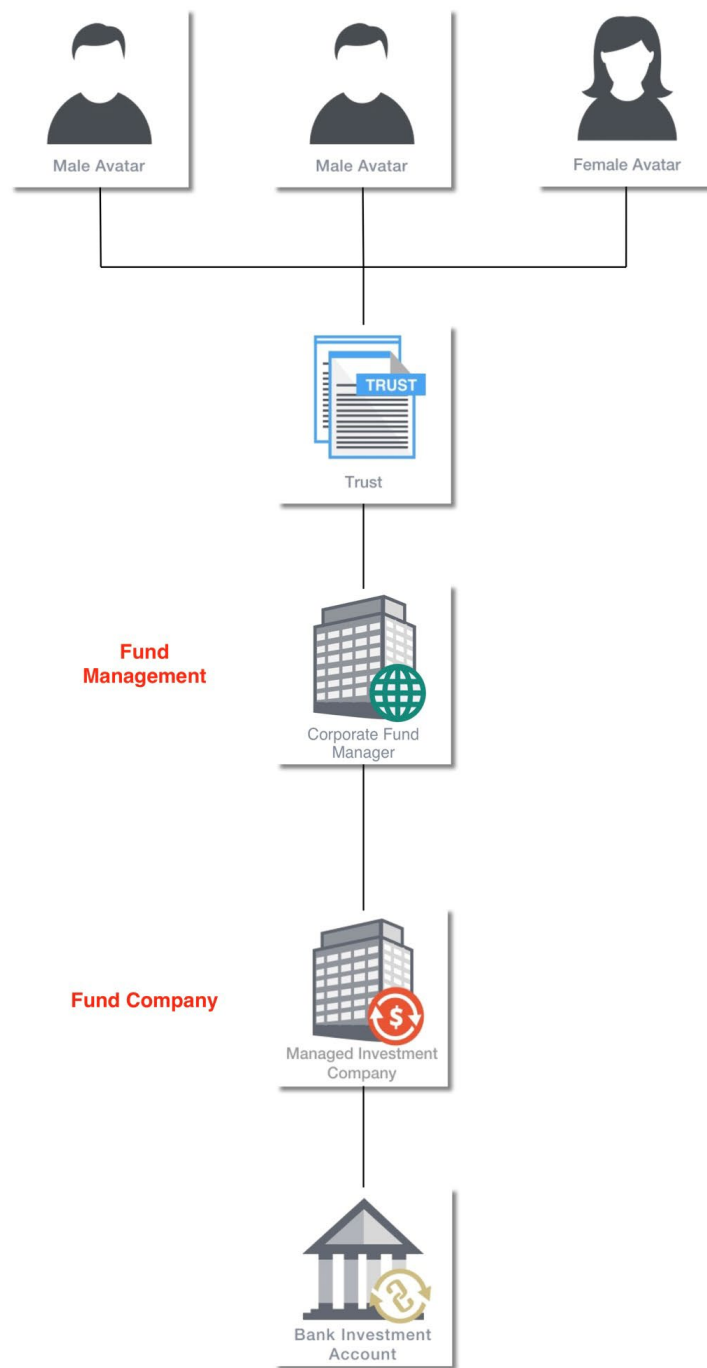
Anti-Avoidance

- “Stacked” Family Office 

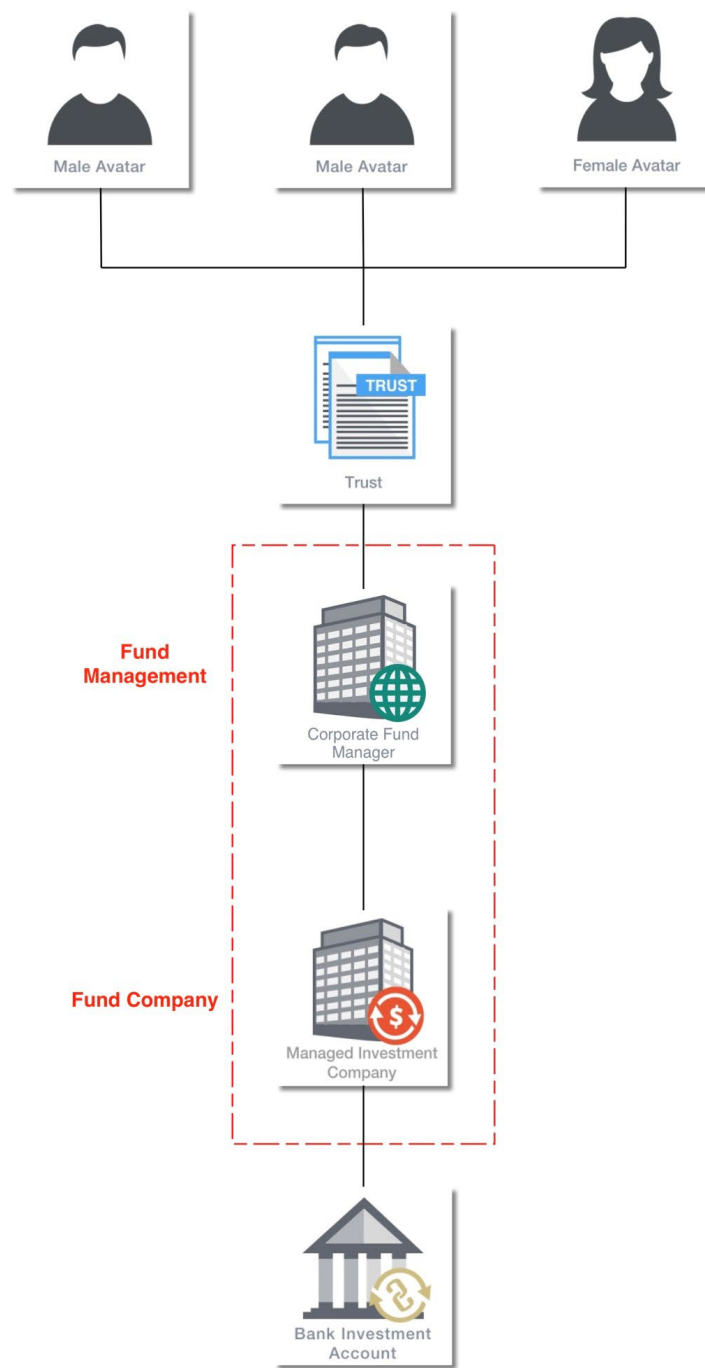
Standard Family Office Structure



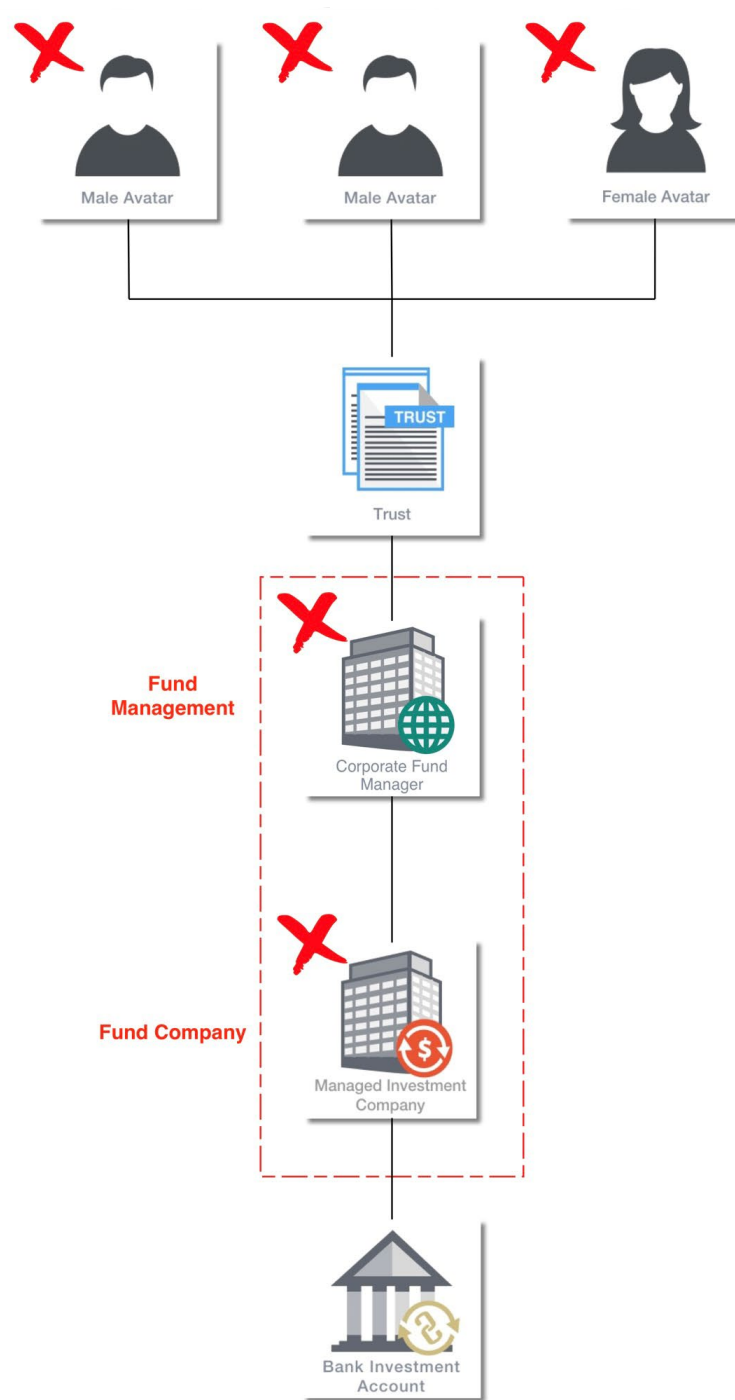
Stacked: Management and Fund Company



CRS Reporting Outcome?

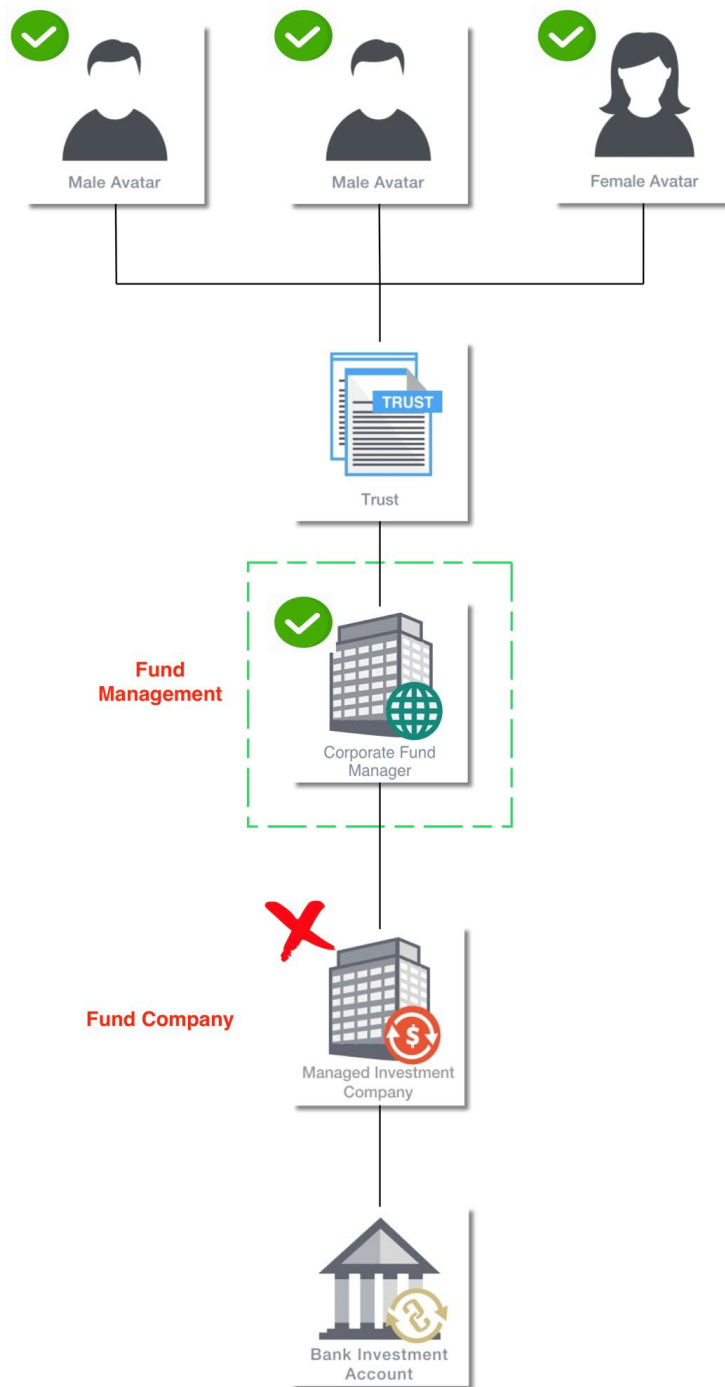


CRS Non-Reporting Outcome

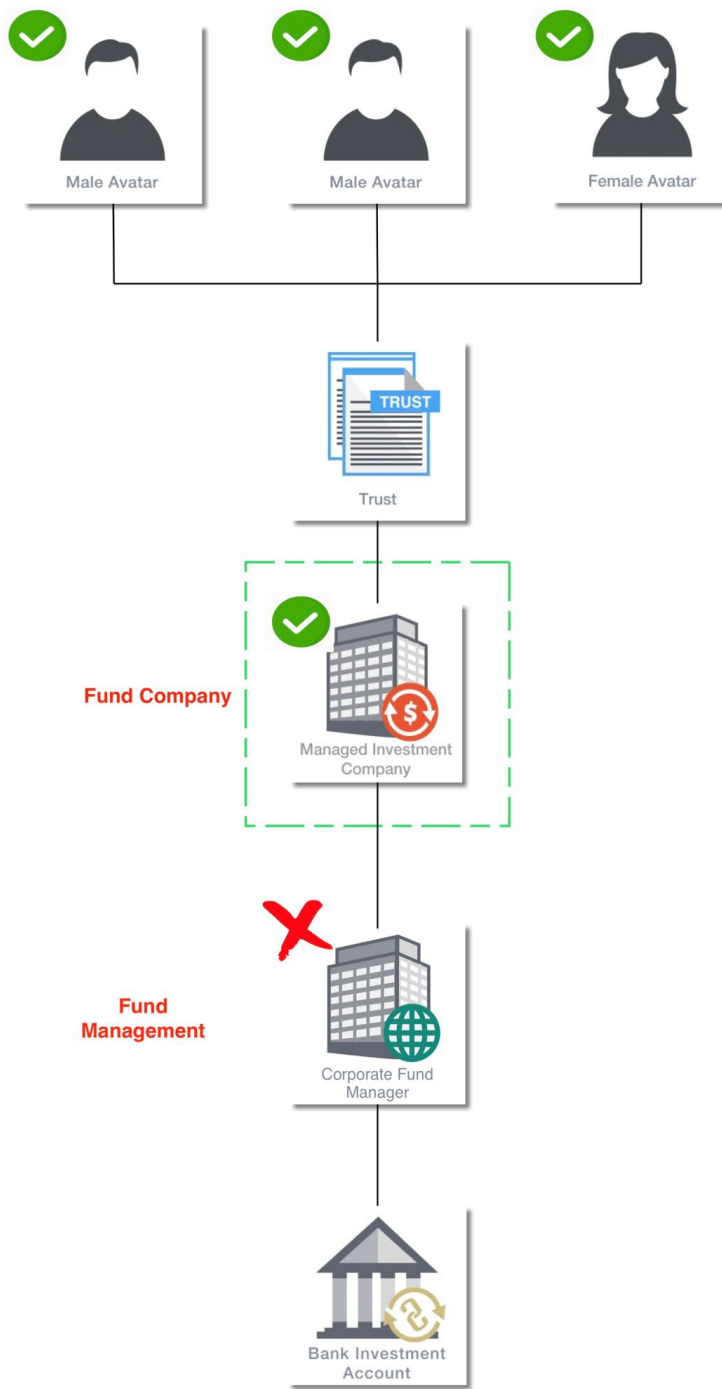


Anti-Avoidance Provisions Triggered

See: CRS Section VIII C. 1(b)

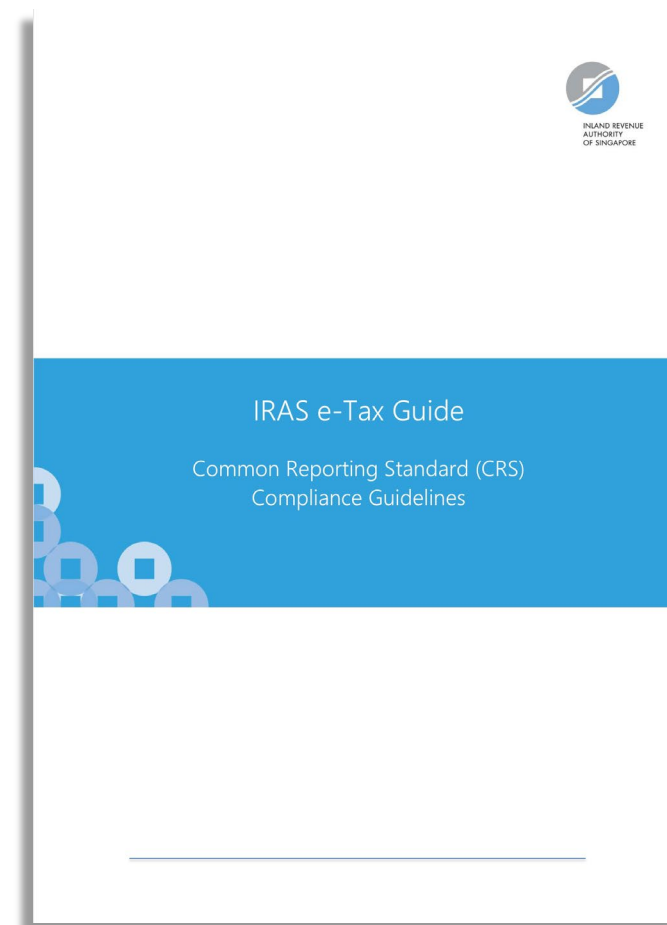
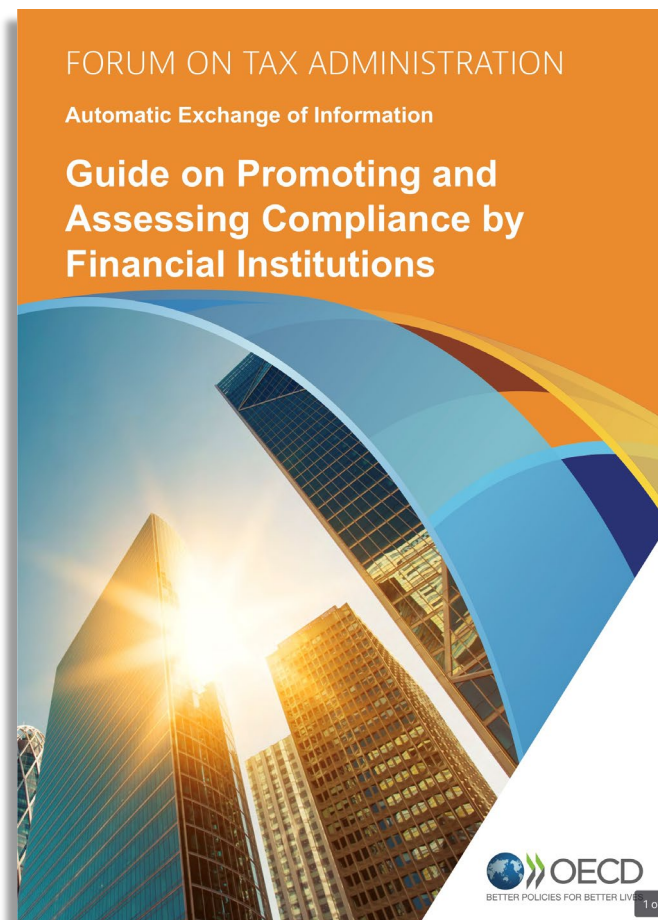


Invert Structure: Normal CRS Reporting

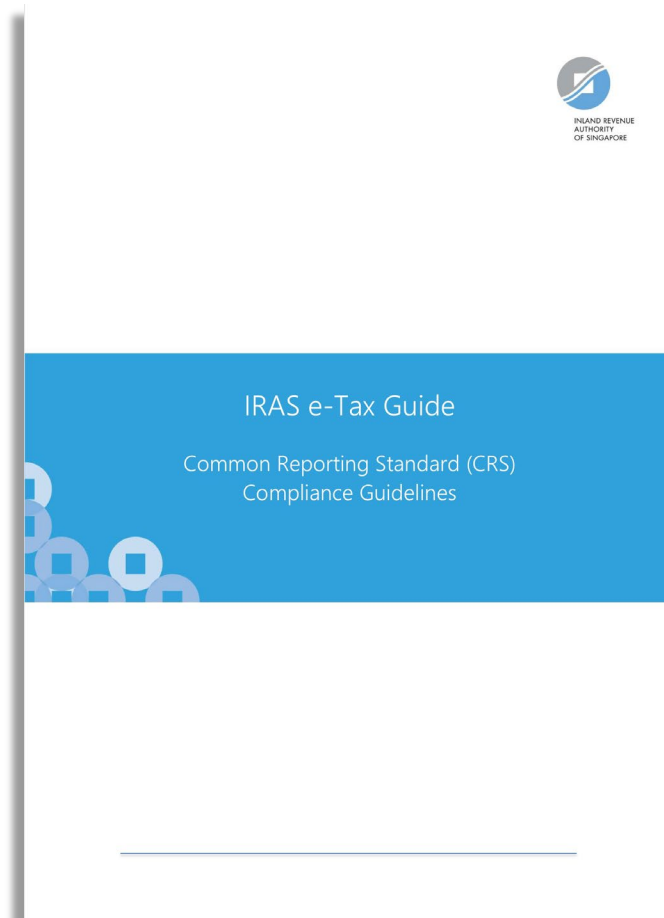


Audit Assessment

Audit Guidance



IRAS Guidance



- Risk Based Approach
- 23 Hallmarks
- Self Review ToolKit
- **Key Failings:**
 - No CRS Manual
 - No Risk Framework
 - No Ongoing Monitoring
 - No Internal Review or Audit
 - No Training Record
 - No Effective Oversight of Third Party Compliance Provider →

CRS Amendment

CRS Amendment



- Key Amendments:
 - Crypto Assets Included in “Financial Assets” for Investment Entity Purposes
 - Dual Resident Reporting (No Further Reliance on DTT “Tie-Break” Provisions)
 - Residence-by-Investment High Risk Category Enhanced CRS Due Diligence
 - Expansion of Personal Data Captured and Exchanged Under CRS →

Thank You!

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