

Common Reporting Standards (CRS)

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As the world has become increasingly globalised it is easier for all taxpayers to make, hold and manage investments through financial institutions outside of their country of residence. Vast amounts of income are kept offshore and go untaxed. Collecting taxes from taxpayers and struggling with tax evasion is a difficult process for all jurisdictions. Offshore tax evasion is a serious problem for jurisdictions all over the world. Countries have a shared interest in maintaining the integrity of their tax systems. Co-operation between tax administrations is critical in the fight against tax evasion and in protecting the integrity of tax systems. An important aspect of that co-operation is exchange of information.

“Standard for Automatic Exchange of Financial Account Information in Tax Matters” was issued in 21 July 2014 and Turkey has made a commitment to implement the standards in the summit organized in Berlin on 2014.

Financial institutions resident in CRS jurisdictions are required to report financial account information of their customers resident in other CRS jurisdictions to the tax authority of their country. Tax authorities of the jurisdictions will exchange these information on a basis of reciprocity under Competent Authority Agreements (CAA) which is signed or will be signed between the jurisdictions. “Convention on Mutual Administrative Assistance in Tax Matters” which is signed by Turkey during G-20 Summit organized in Cannes on 3 November 2011 is a legal basis for reporting under CRS.

Information regarding reportable accounts will be reported to the Turkish Revenue Administration by reporting financial institutions on 31 May of the next relevant calendar year annually. However, first reporting by financial institutions to Turkish Revenue Administration will be completed as of 30 June 2018. The reporting regarding new accounts (The term “New Account” means a Financial Account maintained by a “Reporting Financial Institution” opened on or after 1 July 2017) will include the six month period between 1 July 2017 and 31 December 2017.

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